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BEYOND THE 2008 FINANCIAL "CRISIS": GLOBAL CAPITAL AFTER MARX AND MODERNISM

> *All* the sciences have from now on to prepare the way for the future task of the philosophers: this task understood as the solution of the *problem of value*, the determination of the *order of rank among values.* - Friedrich Nietzsche

> A revolution has put an end to this "classical" economics of value, a revolution of value itself, which carries value beyond its commodity form into its radical form. - Jean Baudrillard

Capital and "Value"

Cultural economic history in the 19th-21st centuries challenge theories of "global" culture – exploding demographics, asymmetrical state political economies, transformative technologies, and "capital crises." The 2008 financial "crisis" emerged like Nassim Taleb's "black swan"[1] out of the concrete jungles of modernity. All of these flows symptomize a resurgent globalizing economy and call into question standing conceptions of what, following Marx in particular, is now termed "capitalism."

Cultural analysis will require a revised "bidding" in its marketplace of ideas. Its core logic must more carefully interrogate "force" and its signifying expression in economies of value. Freud recovered "force" in the psychically energized cathexis, Marx recovered hidden material momentums ("labor"); both methods, however, found themselves restrained by linguistic imperatives, Marx by "commodity language" and Freud in the "speaking cure." So "culture" figures the *momentous* "signifying processes"[2] which at once *re*-posit and *de*-

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[1] Nassim N. Taleb, *The Black Swan (* New York: Random House, 2007).
[2] Julia Kristeva, "Revolution in Poetic Language," in *The Kristeva Reader* (New York: Wiley-Blackwell, 112.)

posit societal institutions – government, religion (or "not", or what we are *forced* to *say*, or to dismiss, as Marx did, about "God"-dimensions), the arts, philosophy and science, but also and in the same emphatic breath, "markets." A thorough economic accounting attempts to "discover active forces"[3] which in modern-postmodern jargon might be categorized as the "momentums of desire," i.e., *that* which *drives* human economies of value *and* meaning, and consequently of "power," and "sovereignty." The interrogation involves "…the taking-account of time and forces in an operation that implies an economic reckoning."[4] *Economy*, then, figures the various modes and *currents* or flows of exchange. *Currency* is figured in formalized, "hard" value-exchange, but "shadow"[5] modes as well. 2008 may be read as a singular expression of an underlying cultural-economic "condition," where "forces" and their "signatures" are in play, subject to a more subtle, complex, and dimly lit image such as Deleuze's *disjunctive synthesis*[6] or Derrida's *coded diaphony*, than a "dialectic."

Such a re-tooling will consider "value" as enveloped in an equation of "force" and "meaning" which configures (rather than "structures") "assemblages"[7] of *triangulated* variabilities. "Value" may appear quantified by a transaction price, yet transactions are acts of "good faith" or trust[8] that are nonetheless shadowed by an anxiety of valuation: "Did I pay too much, or receive too little?" The price "posits" exchange value, the participants "*de*-posit" their cost/price, each tries to receive more/less than their "hoped for" cost/price, and so excess value is "re-posited"[9] consequently and explicitly (as excess reserve) as well as inconsequentially and implicitly (as residual or "bartered" anxiety.) When scaled to "apples," such anxiety is a subject of bar room bantering; when scaled to globally systemic mortgage bond defaults it is the subject of global fiscal "crises…collapses." Value remains the unstable, less tenable yet requisite presumptive underlayment of "capital," its "virtual" form. Value flows in the momentums of economic transactions, and is expressed in the "capital" signs of exchange; yet its capture remains, as Marx will note, complex, unstable, beyond reach.

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[3] Gilles Deleuze, *Nietzsche and Philosophy (* New York: Columbia University Press, 1983), 41.
[4] Jacques Derrida, *Speech and Phenomena*, (Evanston IL: Northwestern University Press, 1968), 136-7.
[5] The legal, informal, "shadow" markets approximate @$11 trillion, or the 2nd largest global economy.
[6] See Gilles Deleuze, *Difference and Repetition* (New York: Columbia University Press, 1994), 176; also Gilles Deleuze, *The Logic of Sense* (New York: Columbia University Press, 2003), 46-7; Gilles Deleuze And Felix Guattari, *Anti-Oedipus* (Minneapolis MN: University of Minnesota Press, 1983), 76-8.
[7] "…An assemblage, in its multiplicity, necessarily acts on semiotic flows, material flows, and social flows simultaneously… an assemblage establishes connections between certain multiplicities drawn from each of these orders…" (Gilles Deleuze and Felix Guattari, *A Thousand Plateaus* (New York: Continuum, 2004), 24-5.
[8] "Virtually every commercial transaction has within itself an element of trust." (Nobel economist Kenneth Arrow, quoted from a 1972 paper, Jon Hilsenrath, *Wall Street Journal,* 1-28-2013, A2.)
[9] "Reposit" infers the "reserve" expression of value in the sequence of "posit," "*re*-posit," "deposit," all of which originate from "posit," a term with a rich history in semantic and philosophical theory.

It is this complex, composite figuration of "value *in* economy" which concerns this inquiry. Marx, Freud, and Nietzsche, the 19th century's "masters" of suspicion, all pressured seminal deconstructive critiques of culture, yet only Nietzsche appears to have pursued his method *against himself* and to have avoided re-founding a new ideology. *Kapital's* analysis of the "value form" exposed early industrial excesses only to then restrict value to its virtual form, i.e., "capital," and it ended up in a new, even mythic "human" ideology, "socialism." Yet its forensic re-reading leaves its own key remainders, excesses, "gaps," which beg the re-opening of the thought of "value" and "economy" to a broader *cultural* spectrum. First, *value* will infer the incessant creative and disruptive collusion of "forces" (e.g., originary energies, material momentums, also cultural motivators) and "meaning" (contracts or "billing" texts as "signifying processes[10]," e.g. "$"). *Economy* infers culture's value systems figured in the equation: "Economy occurs when value is created *or* destroyed, expressed "virtually", then reserved, invested, and/or exchanged on markets." Such figurations impose irrepressible *human* factors (e.g., desire, free will, symbol) to conflate and de-pose the alluring, heuristic, yet distractive quantity/quality binary, especially of "force" and "sign"; it re-posits differentiation to the mix by suggesting that data points inevitably express "hard" surfaces yet "soft" symptoms; and it pressures "normative" expectations of intelligibility, that is, the problematic of complete theoretical critiques or measures *at all*, in a project that nonetheless must desire a full accounting of culture.

Marx's Value Forms

In *The 1844 Manuscript*, Karl Marx draws directly from classic theorists (esp. Smith, Ricardo, Say) to interrogate economy. "Labor" was theorized as "the source of all wealth," in contrast to the "mercantilist" conception that value resided in precious metals, or the "landed aristocracy" conception that wealth was held in the ownership or control of land.[11] Marx further analyzed the exchange condition of "wages," i.e., "the antagonistic struggle

[10] Economic signifiers express the conflation of aberrant, *forced* "contracts" and "measures" which, though usually neatly disguised in "packaged" "bills of sale" or economists' "formulas," behave more like Kristeva's semiotic "sign processes" (i.e., translated within a cultural economic model, "fungible equations which express value only in momentary singular transactions") than Saussure's sign-systems (i.e., abstracted, often static codes "fixed" to "accepted" theoretical "structures" but also governmental or *sovereign*-"backed metrics or exchange reserves). At the extreme, such as in the 2008 events, these 'structures' self-implode as they recoil to markets panicking at the "return of the repressed" of the underlying value equation. That is, we are forwarding the radical but obvious observation that economy expresses the material volatility of culture itself, which is intrinsically a complex, living "value proposition." (cf. Carl Raschke's discussion of Kristeva's "semanalysis," *Postmodernism and the Revolution in Religious Theory (*Charlottesville VA: University of Virginia Press, 2012), 195-6.

[11] Dirk J. Struik, *Introduction*, Karl Marx, *The Economic and Philosophic Manuscripts of* 1844 (New York: International Publishers, 1964), 42.

between capitalist and worker."[12] He asked "What is capital?", and cites Smith's claim that "Capital is *stored up labor*"[13] and Pecqueur's existential claim that "Labor is man…"[14] Marxian theory poses a polemical, alienating relation in the production process between the capitalist (as the owner of production) and the worker ("proletariat").

Kapital states that economic value derives from "a congelation of undifferentiated human labor."[15] It interrogates the political economy with a critical bias: "what programs the *bourgeois* economy…this privileged value *form*, money."[16]

> …a task is set before us…not yet even been attempted by *bourgeois* economy – the task of tracing the genesis of this money form, of developing the expression of value implied in the value relation of commodities, from its simplest, almost imperceptible outline, to the dazzling money form.[17]

The critique shifts from existential "human labor value" to include its abstracted or *symbolic* status in the *money form.* Jean-Joseph Goux contends that this discovery is Marx's unique contribution to political economic theory because it opens the project to an expanded paradigm of *exchange* (substitution) and *symbolic value*. The substitution of labor for its *money form* engages analysis in both an *economic* (energetic, materialistic) as well as a *symbolic* (sign as material substitute for value) function:

> …these connections could be conceived in terms of the phenomenon of exchange... [to] the question of substitution and its correlative, value. …This operation led to the …metasocial aspect of the symbolic function, to…the "in place of," "stand-in," or "supplement"…[18]

Goux sees a "general and elementary logic of exchange" [19] embedded in both the economic and the symbolic figurations of culture, and in Marx's critique he recognizes an energetic analogy to virtual value (capital) and symbolic cultural figurations (including religion). Marx famously proclaimed "*Die Religion ... ist das Opium des Volkes*" and Goux suggests that an "axiomatic general logic" may be derived from the analysis of money and value.

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[12] Marx, *The Economic and Philosophic Manuscripts of 1844*, 65.
[13] Marx, *The Economic and Philosophic Manuscripts of 1844*, 78.
[14] Marx, *The Economic and Philosophic Manuscripts of 1844*, 87.
[15] Karl Marx, *Das Kapital*, *A Critique of Political Economy*, ed. Serge L. Levitsky (Washington DC: Regnery Publishing, 2009), 28.
[16] Jean-Joseph Goux, *Symbolic Economies*, *After Marx and Freud,* trans. Jennifer C. Gage (Ithaca NY: Cornell University Press, 1990), 11, my emphasis.
[17] *Das Kapital*, (Levitsky), 12.
[18] Goux, *Symbolic Economies.* 2.
[19] Goux, *Symbolic Economies,* 3.

Do either readings account for a general logic of capital or cultural economic systems, or, as suggested here, do they each stand at the portal of a more complex, differentiated *equation of value* itself? Both examine value figurations, yet both appear to then assert new distractive ideological regimes which re-institute economy, religion, and culture under the "capital" category. A forensic re-reading of Marx's value forms presents minimally a "laboratory" for the re-figuration of economic value forms and maximally a context with which to begin a practical revision of the total value equation, i.e., the composite "cultural economy." *Kapital* prematurely closes the virtual value form as capital, yet opens economy to cultural figurations, e.g., in its deployment of "commodity language" and "social production."

"Elemental, Use-form"

Marx observes an initial "use-value" in the commodity-object which is "outside us": "A commodity, such as iron, corn…is therefore a use-value, something useful." The use-value of the commodity "satisfied human wants of some sort of another." Marx's economic object arrives *after* it has achieved use-value, or a "means of subsistence…or a means of production." But he then inserts a key methodological bias: "Neither are we concerned to know how the object satisfies these wants…"[20] Marx intentionally attempts to restrict his concern to the human *material* object relation, which initiates a limited "human" ecology. This method appears to allow the critique to bracket itself "scientifically" from perceived hegemonic, even "opiated" cultural regimes, in particular, "religion." Ironically, its unintended consequence is to recover "value" in ways which actually expose its native human, or what should rather be termed, its *cultural* condition.

This enlightenment-inspired restriction frames value as initiated by "human" use, and excludes "original," objective value. The apple tree *produces* intrinsic value, one product of which is the *apple.* The apple obtains value ("natural" reproductive value) *to the tree* prior to and independent of its human use-value. We might call this its inherent *originary* or *ecological* value. There is no intrinsic connection (other than that both exist in a "status" of "nature) between this ecological value and its *consequent* human use *until* the former is discovered and exploited. Use-value is already a differentiation of ecological value. That the apple can be read to posit both the tree's reproductive value and its human use-value coincidentally expresses each value as an *alter-native* of the object. The simple object is "identical" but its value is complicated: in its material relation, the object "expresses" a "synthetic" similarity yet a "disjunctive" differentiation and already positions value in a complex economy. Rather than "both" sides of the object expressing an "identity" what

[20] Marx, *Das Kapital*, (Levitsky), 1.

actually occurs is the compression ("disjunction") of alternative value figurations into a synthetic expression (the object as now "apple").[21]

This insight produces various impacts: first, the value equation retains an ecological status which precedes human productive use; second, the occlusion of this background ecology offers an incomplete formulation of value; third, the shift from *originary-to-use* form infers that value is already forced, differentiated, complex; finally, it implicates both intended and unintended consequences. For example, by restricting the equation to its human form, Marx refines and substantiates classical conceptions of labor; yet the same move categorically dismisses originary value, which allows the text to disdain "sacred" value systems which might attempt to account for "first things."[22]

Commodity Forms ["elementary," "relative," "exchange"]

Thus isolated from its ecological site, Marxian use-value thus facilitates the shift to the abstract "commodity" object. Value now occurs in relation to an-"other" commodity as *exchange* value:

> The *elementary* form of value of a commodity is contained in the equation, expressing its value *relation* to another commodity of a different kind, or in its *exchange* relation to the same. The value of commodity A is qualitatively expressed by the fact that commodity B is exchangeable with it. Its value is quantitatively expressed by the fact that a definite quantity of B is exchangeable with a definite quantity of A. In other words, the value of a commodity obtains independent and definite expression by taking the form of exchange value.[23]

Marx asserts that value achieves "quantitative expression," and Goux analyzes this relation as an "indemnifiable identity" – the exchange value is "measured" as *relatively equal*,[24] that

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[21] "Instead of each world being the analytic predicate of individuals described in series, it is rather the incompossible worlds which are the synthetic predicates of persons defined in relation to disjunctive syntheses." (Deleuze, *The Logic of Sense*, 115.)

[22] It is suggested here that a totalizing value concern is captured by sacred traditions in "mythic *accountings*." The Enlightenment elected to first distinguish "nature" and "God" and then its sciences further displaced the latter term in its investigation of material reality. As the popularized physicist, Stephen Hawking, asserts "…we don't need God to explain creation." A cultural economic would include the desire to "think" or "speculate" upon originary value. To paraphrase Ricoeur's formula: "…the myth prepares the way for speculation [*and a symbolic accounting of originary value*] by exploring the point of rupture between the ontological and the historical." (Paul Ricoeur, *The Symbolism of Evil*, trans. Emerson Buchanan, Boston: The Beacon, 1967, 242-3, my paraphrasing.)

[23] Marx, *Das Kapital*(Levitsky) 26, my emphasis.

[24] Goux, *Symbolic Economies,* 13.

is, indemnity value achieves an "identical essence" yet it is at the same moment accounted for as "similar." However, does this accounting distract itself with its reach for "definite expression?" Rather, does it extend a *differentiating complexity* of only "similar" objects, and hence an "identity" *and* a "difference?" "Value" is de-posited or reserved as intrinsic use-value yet expressed or *re*-posited in a signifying "identity," in the other "equivalent" commodity. And as soon as the exchangeability of the cross-expression is realized, the economic object enters a "symbolizing" "marketplace" of ideation, i.e., the virtual. There is a forced, signifying *dialogical shift* which implicates the object as a symbolic form in an economy of force (*presumed* "quantitative" exchange value) *and* meaning (qualitative, now *expressed* value as "price," i.e., the apple is "worth" 2 oranges; "2 oranges" now *expresses* the apple's signified value). The objects are no longer merely commodities but in fact have shifted to signifiers for the other commodity object.

So Marx observes that "the two commodities 'obviously play different parts…' " and Goux expands this relation to "this primordial dual relationship."[25] Indeed, the "crux" of *Kapital's* core logic pivots on this relation, but rather than constituting a stable "identity" it can only be viewed as "consensual," "forced," "contracted." The object's "identification" in the exchange event is itself a differentiation of its use-value; the exchange is both contractually "agreed" upon yet this contract is *forced* in the convergence of valuation at the moment of the exchange. That is, the contracted price must be more or less *negotiated;* it is not "given." There is a latent *force* of value imposed in the exchange event; only the moment of the singular exchange achieves "definite expression" because the price is negotiated; it may be *different* at future events.

Goux points out that Marx inverted Hegel's dialectic[26] by introducing production and exchange in addition to symbolization and thus grounded economy in material rather than conceptualized processes. The "contradictions" of "identity" and "difference" are "overcome" in the Marxian *material* dialectic. We should inquire whether Marx's dialectic surpasses Hegel's more complex concept of "sublation," and does either figuration overcome the "oppositional polarity" of "identity" and "difference?" That is, by obverting Hegel's dialectic[27] Marx's material dialectic oscillates between "value" and "money" and

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[25] Goux, *Symbolic Economies,* 13.
[26] Goux, *Symbolic Economies,* 67-68.
[27] Marc Shell observes of Hegel's money form: "(Thus Hegel…presents a theory of money and of the contemporary problem of paper money in particular, which involves the dialectic of symbol and commodity. …Hegel argues that "money is not one particular type of wealth amongst others, but the universal form of all types so far as they are expressed in an external embodiment and so can be taken as 'things'. " (G. W. F. Hegel, *Philosophie des Rechts*, in *Werke*, 7:467; trans. Knox, pp. 194-95). Hegel also insists that "a bill of exchange…does not represent what it really is – paper; it is only a symbol of another universal – *value*…Money…is itself controlled by the specific value [of the commodity]. Money, *as an abstraction*, merely expresses this value." (Hegel, *Philosophie des Rechts*, ed. Eduard Gans,

subtly hints at the kind of "alchemical" folding which occurs when the virtual emerges from the material:

> "…Value, therefore, being the active factor in such a process, and assuming at one time the form of money, at another that of commodities, but through all these changes preserving itself and expanding, requires some independent form by means of which its identity may at any time be established. And this form it possesses only in the shape of money. It is under the form of money that value begins and ends and begins again, every act of its own spontaneous generation."[28]

Is "money" the stabilizer of value, or is it rather the expression of value's intrinsic undecidability. 2008 screams the latter! Rather, the exchange event demonstrates that these poles never achieve clear identity nor "definite" valuation, and thus their practical configuration persists as a forced collusion, a momentary and *disjunctive* synthesis. The ***angst*** of value persists as a supplement, as an excessive and disjoining even "psychic" symptom. The value equation which derives the political economy originates in incessant and differentiating play even in its initial relation.

Digging deeper, the text sites value in the "whole mystery of the form of value" which nonetheless achieves "identity":

> "The whole mystery of the form of value lies hidden in this elementary form." When two commodities are placed in a relationship of equivalence, their qualitative equality, their identical essence, is thereby affirmed. In each other's presence, the two beings recognize each other as *similar.* …In this initial relationship, one "is presented as relative or comparative, or appears in a *relative form*." …The two are "reciprocally dependent factors, mutual determining one another, and inseparable; but at the same time they are mutually exclusive or contrasted extremes, polar opposites of the same expression of value."[29]

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in Hegel, *Sämtliche Werke: Jubilämausgabe in zwanzig Bänden*, ed. Hermann Glockner [Stuttgart, 1964], 17:119; trans. Knox, p. 240). (cf., Marc Shell, *Money, Language, and Thought: Literary and Philosophical Economies from the Medieval to the Modern Era* (Berkeley CA: University of California Press, 1982), 151, my emphasis.) Global currency exchange markets have radicalized the money form into its own commodity; see footnote 79, ff.

[28] Marx, *Das Kapital* (Levitsky), 97.

[29] Goux, *Symbolic Economies,* 13; Goux is quoting and paraphrasing Marx from the 1st German edition of *Das Kapital* 20, 18.

> "…Value, therefore, being the active factor in such a process, and assuming at one time the form of money, at another that of commodities, but through all these changes preserving itself and expanding, requires some independent form by means of which its identity may at any time be established. And this form it possesses only in the shape of money. It is under the form of money that value begins and ends and begins again, every act of its own spontaneous generation."[30]

On the one hand, the text wants to cement the relation as a valuative "identity," i.e., "their identical essence" as paraphrased by Goux, or "some independent form by means of which its identity may at any time be established." Yet on the other hand, the equation pivots disjunctively: "…but at the same time they are mutually exclusive…polar opposites of the same expression of value…" Clearly there is a "relative" or "comparative" valuation as two commodities, e.g., the apple and orange, are counterposed in the market transaction; clearly their correspondent ratio reaches an exchange price; but can we say the price figuration is "essential" or that the transaction has "established an identity," or is it rather the case that, to impute the second postulate, that the two are "mutually exclusive…contrasted extremes..." and that their cross-valuation is a *forced* consensus, or a "contract" that, at that singular transactive moment, figures their exchange value? In fact, the value equation does not achieve an undifferentiating identity. Marx's analysis leads us astray from the disjunctive over/under-determination of the value equation's core "logic/*a*-logic." Marx under-estimates this juncture in the heart of economy. Instead of building on this native incommensurability, the text is itself "dazzled" by the money form and in its attempt to re-"capture" this native devilishness, i.e., "money," it re-initiates a revised "master" logos, i.e., *Kapital.* Rather, economy's native errancy is *compressed* and then *expressed* as "forced" "price;" value is incessantly differentiating and simultaneously captured, "territorialized" (minimally as specific "event-price," maximally as "capital"). But these territories are not permanent but rather transitory, or *transitional* moments of illusory or *virtual* closure: the value equation itself remains in open play. As such, *Kapital* dazzles us with its "discovery" of the value forms, yet it forecloses the value equation to the "conspiracy" of "*capital.*"

The commodity exchange initiates a consequent latent "value anxiety" because the consensual expression, the price, is to a greater or lesser extent, *forced* – both the buyer and/or seller may harbor suspicion (or "elation" if excess exchange value is achieved) in the "fair market" (this term is of course used ubiquitously in "real estate" appraisal) value of the transaction. Imagine as well how the originary value (e.g., the apple to the tree, or silica to the microchip) is further obscured, forced beneath the *trans*-active layers: the action of exchange both *trans*-fers and *trans*-forms the illusive full equation of value.

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[30] Marx, *Das Kapital* (Levitsky), 97.

Such factors consequently implicate a value equation which resists a logical formula for use- or exchange-value specifically or prospects for a uniform logic of value generally. It exposes the value equation as *active, in play, complex*. The value equation is a forced, signifying complexity and *functions like a language*, as Marx's text itself notes:

> We see, then, all that our analysis of the value of commodities has already told us is told us by the linen itself, as soon as it comes into communication with another commodity, the coat. Only it betrays its thoughts in that language with which it alone is familiar, the language of commodities.[31]

The shift to commodity value, and the consequent *value relation* achieved by an exchange price, extends the manifest *value as forced* ("buyer/seller *want* to exchange commodities) and pressures the *virtualization of value* because the exchange value now is expressed or signified *as* the equivalent commodity: though entirely different objects, they are sufficiently "similar" to be valued as exchangeable; the exchange achieves a *cross-valuation* (a temporary, illusory "identity" which in fact is more akin to metaphorical or even metonymical expression) because a negotiated "equal" value can be pressured into an agreed upon "price;" and it is further forced and virtualized because the "similar" and the "identical" achieve cross-expression, e.g., the proportionate quantity of linen's value becomes *expressible* as a coat. For Marx what the cross-signifying value expresses is of course the *ratio* of human labor value hidden between the commodity objects. This ratio then derives Marx's core *ratio-nalizing* logic, i.e., its human labor *ratio*:

> In order to tell us that its own value is created by labor in its abstract character of human labor, it says that the coat, insofar as it is worth as much as the linen, and therefore is value, consists of the same labor as the linen. In order to inform us that its sublime reality as value is not the same as its cheap body, it says that value has the appearance of a coat, and consequently that so far as the linen is value, it and the coat are as alike as two peas.[32]

Commodity production and exchange are expressed like an economic language. *Kapital's* critique opens the commodity equation to semantic and semiotic[33] examination, and to an expanded "praxis of meaning." To "read" commodities as a system of *substitutable signs* requires not only a surface negotiation of interrelated "words," it requires, as Freud noticed, a psychical reading of the *force* of meaning. Yet the equation cannot be referred to a

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[31] Marx, *Das Kapital*(Levitsky) 17.
[32] Marx, *Das Kapital(Levitsky)* 17.
[33] "Semiotic" here simply infers "concerned with the interpretation of the sign and/or symptoms;" Marx interpreted labor and wages as hidden symptoms of "bourgeois capitalism." (cf., *The American Heritage Dictionary*, 2009).

"master" code; rather, it casts commodity valuation adrift in transactive and now psychic differentiation. The price event initiates a *transvalued* and *transliterated* or *forced-sign* of value. The commodity takes on a new force (it is forced to be *transvalued* "to" or "against" the other commodity); this transvaluation occurs simultaneously with and as a function of the commodity's new status as a *substituting equivalent* (it *trans-signifies* itself and the other commodity as equivalents). The two commodities are *trans-substantial* to one another. This trans-valuing expression occurs in a marketplace of immeasurable (except at the singular exchange moment) force and differentiating ideation, just as the market differentiates exchange value *moment by moment.* Removed from barter markets, modern life tends to obscure the barter moment unless we visit the floor of a commodity exchange and observe the frantic and panicked frenzy of moment-by-moment *valuation*. There is an excess *psychic* element in the marketplace which has recently been taken up in the emerging disciple of *behavioral economics.*

Human Labor Form

To recall, "labor is the source of all wealth" but its value is hidden, initially by its incremental *forced* abstraction in these use-to-commodity-to-exchange value shifts, and finally in the shift to the virtual form of value, "money." Wages are complicated in the economy of production: "…it is already difficult to determine the usual average level of wages…even more difficult to determine the profit on capital. A change in the price of the commodities…[and] a thousand other accidents to which commodities are exposed… – all produce a daily, almost hourly variation in profit."[34] Labor value is hidden in this complexity: "…The determination of the magnitude of value by labor-time is therefore a secret hidden under the apparent fluctuations in the relative values of commodities.[35] The value equation is further abstracted as commodity value is imputed into wages "…because the relation of the producers to the sum total of their own labor is presented to them as a social relation, existing not between themselves, but between the products of their labor.[36]

The initial move to resolve the identity problem is made by this re-discovery of abstracted labor as the "common denominator" in exchange value: "exchange…is evidently an act characterized by a *total abstraction* from use-value..." The commodity-to-exchange shift further abstracts value as it is expressed in its exchange equivalent form: "…when commodities are exchanged, their exchange value manifests itself as something totally independent of their use-value. …there remains Value…"[37] Marx asserts that labor is the abstracted factor which, when its value is *re*-imputed, resolves the problem of value in the

[34] Marx, *1844 Manuscripts*, 78, quoting Smith's *Wealth of Nations*.
[35] Marx, *Das Kapital*(Levitsky) 42.
[36] Marx, *Das Kapital*(Levitsky) 38-39.
[37] Marx, *Das Kaptial*, Levitsky, 2-3.

economic process. And "Value" here is "human labor in the abstract." The "problem" of commodity volatility, complexity, even undecidability, can be resolved, "stabilized," if we can only redact or "congeal" "Value = labor": commodity value issues from "…a congelation of undifferentiated human labor."[38]

It was the extremely brutal, inhumane conditions of early industrial production[39] which in part motivated the text's intent to exfoliate labor and liberate "Value" from the hegemonic, sovereign control seated, as Marx thought, on the one hand by the "church" and on the other by its economic ministers, the "bourgeoisie." Economy resides as a *cultural value system*, Marx vehemently asserted, its modern soul motivated by the abstracting machine of "religion." Indeed, "religion" for Marx represents the "*cultus* of abstract man…" and it is its modern, Protestant, Deistic form which supports "bourgeois" bureaucracies of economic control, where "…producers…reduce their individual private labor to the standard of homogeneous human labor." Marx's method deconstructs, *de*-abstracts, this cultural assemblage in order to liberate "the practical relations of everyday life…"[40]

So for Marx economic instability persists because the incumbent cultural-industrial complex disrupts, exploits and alienates this "natural" labor condition. Labor is fatally "abstracted" into another commodity unit of the production equation.[41] Wage value is dictated by the worker/capitalist relation. Total commodity value is reduced to raw material + rents + labor. The production process captures labor which in fact creates excess value, capital. Capital, however, reverts to the owner of production; in Marx's revision capital would revert to the worker. And non-repatriated labor is subject to risks not included in the production equation: risk of injury, disease, technical obsolescence, and old age without pension. Finally, labor is *cultural* in its effective application; its added value derives from the efficiency of its "social" and technical organization, and the worker's skill.[42] However, the grave risk of modern hyper-industrial organizational structures (cultural, including religious, and particularly political) occurs as the drive for excess production value inevitably pressures ever-increasing efficiencies possible in the centralization of production and capital, which of course further alienates the human condition.

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[38] Marx, *Das Kapital*(Levitsky) 28.
[39] "Working in the English steam and water-driven spinning mills in 1835 were: 20,558 children between the ages of eight and twelve; 35,867 between the ages of twelve and thirteen; and lastly, 108,208 children between the ages of thirteen and eighteen." (Wilhelm Schulz, *Movement of Production*, 70-71, 1843; quoted by Marx, *The Philosophic and Economic Manuscripts of 1844*, 74.)
[40] Marx, *Das Kapital(Levitsky)* 44-5.
[41] Marx, *The Philosophic and Economic Manuscripts of 1844*, 65.
[42] Marx, *Das Capital*(Levitsky) 5.

Equivalent-Universal, Money Forms

The necessity of commodity exchange, initiated by post-gatherer, agricultural societies, initiates the compression of production factors, particularly labor, into the "language of commodities." The production process in general, and labor in particular, have captured value, which is now expressed first in the "equivalent" commodity form (e.g., gold, silver) value, and then finally abstracted to its virtual, "money" form. Marx viewed various "peculiarities" expressed in the commodity-to-exchange relation as it courses to the money form:

> The truth is that when a commodity acts as equivalent, no quantitative determination of its value is expressed.
>
> The first peculiarity…is this: use-value becomes the form of manifestation, the phenomenal form of its opposite, value.
>
> Since no commodity can stand in the relation of equivalent to itself, and thus turn its own body shape into the express of its own value, every commodity is compelled to choose some other commodity for its equivalent and to accept the use-value…the bodily shape of that other commodity as the form of its own value.
>
> …a second peculiarity of the equivalent form is that concrete labor becomes the form under which its opposite, abstract human labor, manifests itself.
>
> We have then a third peculiarity of the equivalent form, namely, that the labor of private individuals takes the form of its opposite, labor directly social in its form.[43]

Marx offers an example of how production processes *force* its components (e.g., labor, rents, raw material) "into" (excess) "value" which must then be *signed* for economy's next phases, i.e., exchange, reserve, reinvestment. In this "commodity language-like" conversion of *forced value* to *signed value* these "peculiar" or what may be termed "diacritical"[44] shifts occur. First, the individual commodity itself expresses no universal or "quantitative" value. Implicated in the general "field" of commodities, the individual commodity may be valued in relation to another commodity, just as a "word's value" is "defined" only in relation "to" and "by" and "within" the general linguistic field. "Quantitative" value is relative and already differentiated in the commodity complex. Abstract commodities are held in

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[43] Marx, *Das Capital*(Levitsky) 23-25.

[44] "Diacritical" connotes both "marking a distinction," and simultaneously the differentiation between commodity objects as they are both "distinct" but at the same time *forced in their exchange relation* to "express" some "equivalent" ratio of exchange value. An apple's value is expressed as "2 oranges": exchange *transvalues* but also *trans-signifies* the apple as a ratio of oranges.

differentiating assemblages, or what will be termed *markets*. Marx has both described the complex shift from material object to expressed sign, but has also opened the economic equation to a new "language-like" logic of value derivation and expression. That is, economy is both valued and expressed "*like*" *a language system* of co- and counter-dependent signs. The *ratio* of one commodity to another, or to the set of commodity objects, is neither symmetrical nor cleanly quantifiable. This core *a-ratio* or *irrational* commodity value logic implicates a subsequent commodity economy which will be relative, variable, differentiating and incessantly *trans-valuative.* Commodity exchange exposes a *forced* and *expressed* economic in the equivalent form.

The peculiarities above express this implosion in the commodity value equation. Use-value differentiates into increasingly abstract "value;" "force" is observed in the equation when "…every commodity ***is compelled*** to choose some other commodity for its equivalent;" "concrete" labor is forced (e.g. the capitalist v. worker *struggle* of wages[45]) to take its abstract form; lastly, individual labor occurs in a social context acknowledging that labor is a *cultural form*. Not merely the exchange equivalent, but the general and then universal equivalent emerge from this momentum.

But the commodity equivalent-to-universal equivalent oppositional force cannot be accounted for by a "law of commodity nature", because the first stipulation that "no commodity can stand in relation to itself," straightforwardly (and accurately) states that the force of commodity value cannot be quantified except by relation to other commodities. The market itself cannot substantiate a "commodity court of law" or a "logos of universal commodity nature." Instead, Marx notes that centralizing and organizing *cultural* and political systems evolve to institute substantiating (territorializing) regimes to support this general equivalent form, and markets in general.[46] Capital systems evolve from sovereign regimes, including political as well as *cultural* (including "religious" structures).

A second peculiar shift occurs as the "concrete" force of labor transforms to "abstract" human labor: if I produce apples it is easier to trade my apples for my neighbor's oranges than to work on her farm and be paid oranges, and even more efficient for me to just pay her *money* for her oranges. By existential necessity, or by *desire* (e.g., a desire for oranges, or efficiency in *abstraction*), Marx notes that raw labor is *forced* or *desires* to shift "from" its "concrete" to its "abstract" form. But again, we would insert here that this is not a "clean" shift because of the latent anxiety of labor's trans-valuation from immediate event to abstract equivalent – are we charging/paying too much/too little for your/our labor.

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[45] Marx, *TGG, The Philosophic and Economic Manuscripts of 1844*, 65; my emphasis.
[46] Goux, *Symbolic Economies,* 39.

A third peculiarity recognizes labor value's "social" attribute. Marc Shell observes: "… as Marx notes, a commodity becomes the universal equivalent by a social act (*Tat*), which theoretically consists of the assumption by this commodity of the power to measure or purchase all the others… The act of monetary exchange, like the act of linguistic translation, depends on a socially recognized (*gültige*) universal equivalent, which seems to homogenize everything, or to reduce everything to a common denominator."[47] In fact, as we noted above, the over-determined force of commodity exchange cannot be contained by "social recognition" alone; rather, the force of the commodity market relation is "theoretically" contained by the counter-force of institutional control regimes, i.e., political, cultural, and economic. Marx continues to pressure the essential relation of the "social" and "cultural" in the economic equation.

Goux will observe that "Now the world of commodities converges toward this exclusive form (historically, gold), relating unanimously to this "universal equivalent" that functions in its "social monopoly" as money; the manifold world of commodities becomes centered, centralized around what confers a value – a fixed worth, or price – on each commodity."[48] Goux expands his reading of the "money form" to a structuralizing economic architecture and a Universalist account of human history: "Marx, then, was the first to lay the foundations of a *science of values*. …the 'genesis of the money form' is the story of a universal process: the accession to power of a *representative* and the institutionalization of its role. This process (in its diachrony) and the functions of the representative (in their synchrony) lead us to a pivotal structuration, in which sociohistorical organization may be discerned in its entirety: the genealogy of its values, the formative phases of its economy, and its successive overall modes of the exchange of vital activities."[49] On the surface Goux's rather grand narrative "dazzles" us with the magic "money" form; however, we will ask in a moment if economy may in fact be captured by a "science" of value, or by sovereignties which trace "universal" accounts of history.

Marx's project all along has been to unmask the "dazzling money form" by tracing the subtle value shifts as they surface in the flow of economy – from "use" to "commodity" to "exchange" to "equivalent" and finally to "money". Marx attempts to site the problematic of these value shifts, first in the commodity "identity" problem and then finally in the abstracted capture of labor in this "money" form. He reads labor value as both hidden and captured by sovereign cultural regimes. On the one hand, within the boundary of its presuppositions, the critique effectively demonstrates how economy can be perceived to be grounded in the "material" forces of production, labor in particular. Yet on the other it more effectively convinces us that its perception of economy is a profoundly cultural territory,

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[47] Shell, 107.
[48] Goux, *Symbolic Economies,* 16.
[49] Goux, *Symbolic Economies,* 11-12.

replete with angst-generating value shifts, language-like events, value virtualities, and social control regimes, all of which suggest in our view an *open value equation* which resists foreclosure in a strictly "capital system."

So we shift our attention to a brief consideration these latter over-determinations, and how they translate into an alternative "cultural economic" model which may inform 2008 value extremes.

Revisioning "Value" in a Re-Emerging Global economy

Marx's Profit and Debt: Marx's assessment of "value" hinges on the deconstruction of extant "bourgeois" economic but also "cultural" institutions. The "natural" condition of economy is isolated to its "human" content, thus allowing the exclusion of "originary" value. This appears to ground economy in the core "empirical" economic relation in order to make clearly visible the labor value factor.

Marx rejects the biblical Genesis, yet issues his own revised "mythic" vision – "*labor is man"* – the story of the "sacred" Garden is re-posited outside the gate into the raw "humus" of labor immersed in the "nature" of commodities: " 'In the beginning was the act.' They therefore transacted before they thought. Instinctively they conformed to the laws imposed by the nature of commodities. They could not bring their commodities into relation as values…except by comparing them with some one other commodity…as the universal equivalent…"[50] The problem of commodity exchange is solved by recovering labor value abstracted in production; value (as labor) will now be further recovered from its ultimate abstraction, i.e., the universal equivalent or the "money" form. Marx's Enlightenment inspired vision of the natural world has removed the abstract "God" from the mix, yet while it allows a sharply focused critique of human economic relations it leaves a net debt for what it dismisses. "God" dimensions notwithstanding – because they cannot be abstracted – we can leave it at "original" or ecological value.

This initiates two intended consequences which inform yet undermine the theory: first, that value "begins" with human use; second, that value is a more or less strictly "human" economic function which, theoretically, should therefore be *controllable* "like" nature itself. The project at hand is simply a matter of getting to the bottom of the value problem and then revising its control regimes. Yet what remains are the excesses of value; the theory under-estimates value, particularly virtual value, and over-estimates its own ability to govern the value equation in general. Hence the "material" component yields important contributions to an understanding of economy; the "dialectical" component misses the mark.

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[50] Shell, quoting Karl Marx, *Das Kapital*, MEW, 23:101, trans. Moore and Aveling, 1:86.

Capital "after" Marx…markets after "modernism"

Marx intuited economy in the "language of commodities," yet thought after "Enlightenment modernism" has re-acquired an expanded intuition of the subliminal *force* of the *sign*. Deleuze and Guattari, though sympathetic to Marx, nonetheless note that "……the sign of desire is never a sign of the law; it is a sign of strength (*puissance*)."[51] Marx's theory of value turns at this critical juncture: does the relation follow a Hegelian-Marxian "dialectic" which "resolves" the relation in a re-figured "synthesis" or "value-essence," leading to a "universal" "law-like" money equivalent, as Goux asserts? Or rather does this differentiating commoditization of value follow, for example, Derrida's more radical *a*-logic of grammar, "*diacriticity*." As Gasché notes: "By tying the "scientific" concept of difference – difference as diacriticity – into the predicative cluster of difference, Derrida makes differ*a*nce also serve as the principle of semiotic and linguistic intelligibility. The differences at the basis of intelligibility are not to be confounded with those constitutive of concepts; the differends under consideration here are the differential or diacritical characteristics of signs and sign systems. These differential features, situated in a horizontal structure of dissimilarities (in contrast to the hierarchical network of the concepts), are the elementary components of possible signification. …In its capacity as a matrix for these differences of intelligibility, difference is thus the condition of signification…"[52] Marx uncovered the trace of "material sign systems" in commodity and exchange economies, yet underestimated, along with most of the enlightenment players, the fungibility and differentiability of language's function – it *expresses* rather than *captures* or *controls* value. While Marx will try to *force* a revised "material" dialectic, we are contending that commodity valuation, functioning like a language, precipitates a *forced, differentiating* value equation. Value prescinds *capital;* capital is a virtual *expression of value.*

In actual exchange, price is never derived from a *non-differentiating* or universal value index, it is a negotiated event of forced/accepted agreement – in common parlance this is called an "arm's length agreement," or what a "willing buyer" pays a "willing seller." You look the other feller in the eye, shake hands, and smile: grasping hands *pressures* the price synthesis as a *negotiation*, and the smile reveals the emotional satisfaction/angst of economic gain/risk. Human *e-motion* ubiquitously motivates and economizes *all* markets. Pricing codes a discourse yet the composite value equation remains "diaphanous." There persists a core *psychical* current in economy and its "billing" texts. Derrida's interpretation of Freud's discovery of "psychical writing" may account for "…a discourse that may be coded without ceasing to be diaphanous":

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[51] Deleuze and Guattari, *Anti-Oedipus*, 111.

[52] Rodolphe Gasché, *The Tain of the Mirror: Derrida and the Philosophy of Reflection (*Cambridge, MA: Harvard University Press), 1986, 202.

> Freud emphasizes this: psychic writing does not lend itself to translation because it is a single energetic system (however differentiated it may be), and because it covers the entirety of the psychical apparatus. Despite the difference of agencies, psychical writing in general is not a displacement of meanings within the limpidity of an immobile, pregiven space and the blank neutrality of discourse. A discourse which might be coded without ceasing to be diaphanous. Here energy cannot be reduced; it does not limit meaning, but rather produces it. The distinction between force and meaning is derivative…[53]

Translated to a cultural economic model, exchange value may be 'priced' in the specific text, i.e., the "signed" bill of sale, yet value's complete expression remains *forced, energetic,* i.e., *differentiating, diaphanous, symptomatic, …"derivative*[54]…" The distinction between force and sign is a secondary, only theoretical, derivative of the value equation. This collusion of force and meaning figures cultural economic analysis but we must resist literalizing the binary configurations used to imagine it. This collusion avails empirical observation only in transitory valuation events; it may be imaginable as a coding system but only to facilitate the transaction event itself in particular (or theory generally) and does not capture the value nexus. Marx's critique, which reverts to and derives in part from "language-like" theory for its logic, rather than dialectically resolving this *difference*, ironically occludes and re-compresses it in its labor "discovery" and its "capital" theory.

Similarly, as we learn in contemporary economy, labor market value represents a hidden commodity excess *among others*. The "total value equation" exceeds labor both by originary value ("…how *tasty* are your apples?) and by the expansion of commodity-to-virtual valuation which sites labor on a commodity market ("…are your oranges *as tasty* as my apples?). Labor is one among multiple differentiating factors in the complex production and

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[53] Derrida is commenting from Freud's observation: "Let us replace these metaphors by something that seems to correspond better to the real state of affairs, and let us say that some particular mental grouping has had a *cathexis of energy attached to it or withdrawn from it…*" [my emphasis], Sigmund Freud, *Standard Edition of the Complete Psychological Works of Sigmund Freud*, V, 610-611; in Jacques Derrida, *Writing and Difference* (Chicago IL: University of Chicago Press, 1978), 213.

[54] 'Diaphanous' connotes both "transparent" but also "vague and insubstantial." Mortgage bonds, and their derivative instruments, are "diaphanous" instruments which formally signify value but which are constructed from "diversified" bond tranches of both higher quality, low risk mortgages as well as very high risk sub-prime loans. The higher risk tranches are effectively hidden in the bond structure. The composite bond often receives "sovereign" certification, i.e., Fannie Mae or Freddie Mac backing, high credit ratings, and bond insurance from, e.g., AIG. Derivatives are fully virtualized instruments "derived" from these "conventional" and "transparent" bonds and are themselves indemnified by the International Swaps and Derivatives Association (ISDA), created by Solomon Brothers in 1985, which bears "the task of formalizing the terms of new securities." Michael Lewis, *The Big Short* (New York: W.W. Norton & Co., 2011), 48.

value-creation process: Marx himself noted that "…the productiveness of labor…is determined by …the amount of skill of the workmen, the state of science…and the social organization of production…"[55] Various factors reveal a *production equation* which incessantly and dynamically innovates its economy to create excess value. Labor risk may be under-valued if risk of injury, aging without pension, obsolescence or replacement by more efficient technology are not compensated. Yet conversely, it may be grossly *over-*valued/compensated as innovative *laborers* reinvent, displace, and incessantly revolutionize the workplace: Microsoft "workers" in the 1980s gathered various nomadic programmer partisans to innovate the first PC "disk operating system" (DOS), and became *the world's largest company by capitalization.* At the same time the global giant, IBM, which had arrogantly out-sourced software because it wasn't "where the value was at" in the information technology game, declined and nearly collapsed. Consequently, through the 1970-80's millions conventional information jobs simply vanished. Value was created, amazingly expanded, *by workers*, only to displace (i.e., "free" workers) from its previously *laborious* forms – imagine if you can what it would be like to keep all institutional records, such as insurance premiums or market transactions, *recorded and archived on paper…?*

The total value equation we are pursuing for a "cultural economic" reads more like a Shakespearian or Greek drama (or comedy) in which "King Kapital" is only one player, where the plot unfolds using a radicalizing set of expressive techniques including *symbolization* (leading to sovereign territorialization) but then in the next moment the collapse of the sovereign (de-territorialization) in the metonymical turmoil of the markets of meaning and signification. The material and abstract diacritical shift to the universal equivalent cannot result in the Marxian isomorphism of labor value ("as crystals of this social substance"[56]) or a hegemonic regime of "capitalism," but rather must be read as an actively differentiating collusion which both "figures" but simultaneously refracts and dis-figures the set of value forms. Capitalism is intrinsically unstable and subject to *progressive structuration* as well as and in the very same moves *regressive destructuration* because it is the expression of a totalizing value equation.[57] Value can be "fitted" (forced) into neat, blue-suited contracts (signs), but the roiling "street" will not hesitate to constantly test their "fitness" and re-ground their risk regimes.

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[55] Marx, *Das Capital(Levitsky)* 5.
[56] Marx, *Das Kapital*(Levitsky) 2-3.
[57] Joseph Schumpeter, who regarded Marx's theory as "evolutionary," used the term "creative destruction" to account for capitalism's ability to introduce new production processes which simultaneously replaced or destroyed existing modes. He obliquely observed that capitalism was less a regime which structures economy and more a process of value *creation* and *destruction*: "…the problem that is usually being visualized is how capitalism administers existing structures, whereas the relevant problem is how it creates and destroys them." (Joseph Schumpeter, *Can Capitalism Survive* (New York: Harper Perennial Modern Thought, 1976), 41-45.

However, this creative-destructive "*re*-evolution" inevitably results in excess value, one possibility of which is greater human freedom: "…just two hundred years ago, over half of all Americans worked in agriculture…today, the figure is less than two percent."[58] OK, but this process is not "easy" – it can bring shocking changes to contemporary labor: "…the modern economy creates plenty of jobs but also destroys many… In 2005…the United States gained 31 million new jobs…but also lost 29 million existing jobs. The gain of 2 million jobs netted out as a plus, but an astonishing *60 million* Americans had some kind of job-status change in that year."[59] Marx, and even free-marketers like Schumpeter, observed labor as a production factor, observed its obsolescence risk now evident in automation technologies, and observed labor's "fungibility" or its ability to be moved around to more efficient markets, yet they could not have imagined nor has contemporary economic theory kept up with the astonishing pace of innovation and its affect upon culture: "The internet will change everything. The industrial Revolution brought together people with machines in factories, and the Internet revolution will bring together people with knowledge and information in virtual companies. And it will have every bit as much impact on society as the Industrial Revolution. It will promote globalization at an incredible pace. But instead of happening over a hundred years, like the Industrial Revolution, it will happen over seven years."[60]

Social production (labor) simultaneously initiates a "market" which further exposes value creation. The exchange transaction posits a "sell" and a "buy" side which innervates the positively/negatively charged "trust-to-anxiety" *ratio* of the event's "price." The market is enveloped in a cultural-psychological nexus. Price captures and territorializes risk (in part as the *force* of "trust/anxiety") and compresses risk into the expressed, consensual (+/-) "contract." The contract, whether the firm pressure of the handshake or the formal, complex legal contract, *compresses* the value equation, i.e., "force to sign = contracted value." This *compression* subtly abstracts, obscures, value *and* risk. The contract's core logic is not captured by a final "dialectical" price synthesis; rather, the price figures a "polemic disjunction," like the roiling screamers of value on stock exchange floors. This *disjunctive* value synthesis at once constitutes a *contract*ionary (as force) *and contract*ed (as signed) contract. Price speaks the commodities' language which at once both captures (and elegantly hides) excess value – *and risk*. Market equations are subject to rampant linguistic undecidability and diaphony. The virtual value form ("capital") *economizes* these hyperbolically abstracted efficiencies and deceptively packages value's undecidability into its most concentrated forms, and we are left with "coded fungibilities." Capital derives from the transformation and transvaluation of "raw stuff" (commodity value) into "gold" (or in

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58 Arnold Kling & Nick Schulz, *From Poverty to Prosperity*, New York: Encounter Books, 2009, 4.
59 Greg Easterbrook, *Sonic Boom-Globalization at Mach Speed*, New York: Random House, 2009, 43.
60 John Chambers, President, Cisco Systems, in interview with Thomas Friedman, *The Lexus and the Olive Tree*, New York: Farrar, Straus, Giroux, 1999,117.

its apex forms, abstract currency exchange contracts). This "alchemy" pervades every economy at every level. Even Marx resorts to alchemy-like language to describe labor hidden in commodity value: "…the sublime reality is not the same as it cheap value…"[61] Fancy suits, pretentious boardrooms in tall buildings, overstated legal contracts (which few players comprehend) elegantly express, yet hide and even deride value's pervasive risk. Virtual value transactions expand risk both with brute leverage[62] and contractual complexity; private rating firms and government entities remain well behind this risk curve, as was evident in 2008.[63]

Excess equivalent value is found in the market's "supply-to-demand" ratio which drives and *forces* price. Is the object's (e.g., the "Apple" IPad) value fully expressed in its market price, i.e., is the supply-demand equation "efficient? In fact, *price* may accurately reflect the "cost of production" (e.g., original raw materials, design cost, labor cost, marketing cost, etc.) plus/minus "profit." However, the full, intrinsic *value* of the IPad far exceeds its material product cost and profit – the material IPad is, of course, more significantly an *informational, "inter-netted"* ***social*** *medium* – its *cultural value* indefinitely exceeds its object-price. It is, to quote the credit card advertisement, "priceless." We access the "cloud," carry vast music or other cultural archives around, operate businesses and can theoretically communicate with *anyone on the planet* with this medium. The IPad's "total value" explodes the value equation to extra-determinable, non-quantifiable, indeed, *cultural* dimensions.

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[61] Marx, *Das Kapital(Levitsky)* 17.

[62] "Valued at $360 trillion (versus the *entire* formal global gross domestic product or GDP or @$60T), they have contributed to the complexity and the instability of international finance." (Robert Gilpin, *Global Political Economy: Understanding the International Economic Order* (Princeton MA: Princeton University Press, 2001), 6-7.

[63] By artificially restricting key interest rates, Greenspan's Federal Reserve facilitated aggressive brokerage behavior with very cheap money. The 2008 crisis collusively conflated private and government sectors. Private agencies (e.g., Moody's, Standard & Poor's) naively under-estimated sub-prime risk because bonds were "guaranteed" by quasi-government agencies (e.g., Fannie Mae and Freddie Mac). Both sides severely underestimated sub-prime mortgage default ratios. Moreover, Fannie and Freddie held deceptively excess ratios of "Alt-A" and subprime mortgages. Edward Pinto's research (former chief credit officer for Fannie Mae) asserts that agencies routinely misrepresented or under-reported to the rating agencies their portfolios' credit quality beginning as early as 1993. Mortgage risk concentration increased and by 2007 HUD's affordable housing regulations required that 55% of Fannie and Freddie mortgages be originated to "below median" income borrowers, of which 50% were "low"-income borrowers. Finally, new technologies facilitated "slicing and dicing" mortgage contracts into marketable bonds – unlike previous eras when mortgages tended to be held intact between the borrower and the local-regional bank or savings and loan. These governance errancies, coupled with the derived and complex bond arrangements, made regulation far more problematic. And at the market's peak in 2007, over 15 of the 26 million sub-prime and outstanding Alt-A mortgages were guaranteed by Fannie and Freddie, allowing rating agencies to "defer" risk calculations to sovereign "backing." (Source: Peter J. Wallison, *"The Price for Fannie and Freddie Keeps Going Up," Wall Street Journal*, 12-30-2009).

As well, risk represents the *market symptom* of value, its "semiotic" excess. We can observe the radical risk of capital in contemporary markets: workers increasingly co-own production *risk* in pension plans, 401ks, mutual funds and exchange traded funds (EFFs); second, the companies generating production value/risk appear and disappear routinely, so only 74 of the 500 Standard & Poor's largest U.S. companies survived from 1957 to 1997, the *remainder* disappeared in mergers, declined or simply went bust[64]; finally, market systems are supported by *workers paying taxes to "sovereign" governments*. So who "owns" this value/risk equation? Increasingly, it is the contemporary worker/taxpayer. So, for example, a poorly documented but not unintended consequence of General Motors temporary de-privatization under the Obama administration's deployment of TARP[65] occurred when GM bondholders (*largely other workers'* pensions) suffered billions in losses when their bonds were illegally violated by being subordinated to the GM unions' pension and health program claims.

Contemporary "money" arrangements facilitate exchange more or less "universally" by providing a "contractual," "accepted" and "indemnified" (by its sovereign "backer," e.g., the "full faith and credit of…") medium. However, we are lazy economists if we confuse "universal *exchangeability*" with "universal *value*." Even the apex gold standard flirted only temporarily with "universal" value.[66] Rather, "equivalence" is achieved at the singular moment of exchange in the compulsion of the event, and it is then inscribed into the bill of sale, the real estate appraisal, the mortgage loan, etc., all components of commodity valuation. But in today's global markets these processes have achieved radical efficiencies of abstraction which delude underlying value: the regimes in place to account for the virtualization process have not kept pace with this evolution. Bonds are now created for newly hyper-virtualized asset classes, not just mortgage bonds but auto loan bonds, credit card receivables bonds, even health club dues bonds[67], and these bonds are then traded *daily*, with millions and billions of dollars of volume, on secondary exchanges.

So the imagined "universal" equivalent is rather the incessantly *creative* and *destructive* "virtualizing" equivalent. The "crisis" of the contemporary capital form is the crisis of

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[64] Taleb, 221.
[65] 2008 Troubled Asset Relief Program.
[66] "…the gold standard…did not spread to the greater part of the world until the end of the nineteenth century. …The exchange rate stability and mechanical monetary policies that were its hallmarks were exceptions rather than norms. …There are reasons to doubt that the equilibrium would have remained stable for many more years." (Barry Eichengreen, *Globalizing Capital*, *A History of the International Monetary System*, 2nd edition (Princeton, N.J., Princeton University Press, 2008), 41-42.
[67] Lewis, *The Big Short*, 8.

virtual and scaled (leveraged[68]) *value*. Ironically, and naively, rather than structuring a "capital" logic, contemporary quasi-logics, both socialist and free market, risk blanketing us with the illusion of clean and well-lit economic gardens, neatly contained by our number games. As Nietzsche poetically noticed: "Wherever there is force, *number* will become mistress: she has more force…By what compulsion does the higher compel itself to the lower? And what bids even the highest grow still higher?"[69]

Numbers, particularly statistical probability assumptions, drive the illusions of modern economics. As Taleb[70] demonstrates, statistics and probability do not reflect nor capture the real markets and delude their accounting on at least two counts. First, data-points receive equal "intensity" – you can have 1000 data-points and 2008, with its very low probability, will receive the same "impact" measure as a "normal" year – so Gaussian registers cannot measure *scale*. Secondly, all of the "normal" events accumulate in the "60% of the time" bulge of the "bell curve" as the "most likely" scenarios, while 2008 remains a less noticed and weighted (because improbable) "outlier." Yet 2008's singular, "highly unlikely" impact exponentially dwarfs all the other data-points combined! So rather than smooth, standard deviation governed event flows, economic history actually jumps and starts, compresses and stretches, and then adjusts between extreme events. Economists, governments, and market players errantly deploy probability to "manage" expected results – e.g., in the sub-prime run-up, all three generally assumed that even the lowest-rated, subprime mortgages would default at the "average" 5% historical rate, and (b) home prices would continue to rise to support loan values. Taleb compares statistical expectation to the turkey who expects normal feeding and care until the Wednesday before Thanksgiving.

We have pushed past Marx's materialism or Alan Greenspan's elegant illusions to the value equation itself. The failure of quantitative economics pressures a revision and re-tooling of analysis. The forensic examination of the equation exposes what Raschke observes as the "Nietzschean discordance…the "eschatological" brink from which the task of thinking does not shy, but steps forward."[71] We would add an economic imperative to this bidding: the failure of modern economics issues from this arrogant obsession with "quantifying regimes" which embolden the market's players. Value eludes capture and it tends to defeat, even to *re-capture*, both public and private control regimes.

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[68] During the run up to 2008, Wall Street banks used artificially low, government facilitated borrowing rates to create extreme leverage (and risk); Bear Stearns was borrowing $40 for $1 of assets, Merrill Lynch 32:1, Morgan Stanley and Citigroup to 33:1. (Lewis, 228).
[69] Friedrich Nietzsche, *Thus Spoke Zarathustra, The Portable Nietzsche*, trans. Walter Kaufman, New York NY: Penguin Books, 299-300.
[70] Taleb, *The Black Swan*.
[71] Carl Raschke, *Fire & Roses*, *Postmodernity and the Thought of the Body* (New York: State University of New York Press, 1996), 23-24.

Indeed, "value" itself is sovereign. It is the value equation itself which returns incessantly to undermine modern metrics as well as Marx's "bourgeois capital" code: "Capital is money; Capital is commodities. In Truth…*value is here the active factor*…value expands spontaneously…it has acquired the *occult quality* of being able to add value to itself…"[72] Was Marx thinking of "capital," "money," "commodity" or…"value?" Indeed, "…value is the active factor…" The value equation (the *force* of creative value + human production then contractually signed, reserved, invested, and/or exchanged on markets) originates "money" as its *forced expression* but resists final interpretation or measure. This because the continually differentiated commodity valuation carries over in the shift to its equivalent forms: the volatility of capital is more fundamentally the intrinsic volatility of the value equation itself. The shift's momentum generates a collusively differentiating *disjunctively synthetic* process of "force" and "sign." Institutions "resolve" the relation in legislative "resolutions," courts adjudicate and "weigh" its value, presidential executive orders "direct" it, etc.; markets, however, simply readjust, re-evolve, incessantly persisting in their native and "singularizing" exchange events: "governance versus market" events are better investigated as interactive processes which behave more like Mandelbrotian "fractals" than "manageable" schema.

Value overwhelms feeble estimate regimes; value requires an expanded paradigm when it is thought in its cultural economic nexus. Its description cannot be forced into strictly "human" data-sets. The apple tree produces a lot more apples than it "needs." *Creation* abounds. Value doesn't necessarily make preferential note of how academics or theorists struggle to describe it – e.g., as "sacred" or secular" – it overwhelms all figuration regimes.

The 2008 "Turn"

The capital value form risks the nearly indefinite leverage (a "scale" dimension) of the material "force" and contracted "sign." A home purchase represents a material transaction between buyer and seller; the mortgage bank finances the purchase, collateralized by the home; the mortgage may be sold as a tertiary contract and packaged into bonds; the bonds become *fungible* assets; finally, bonds may then be hybridized into exotic derivative instruments.

Home mortgages became a dynamic bond asset class in the 1980's – interest rates had been stable, the lending process observed the 20/80 "loan/value" rule, and WWII Americans had low, "predictable" default rates. Then in the 1970s the value equation shifted suddenly and tectonically as America began paying off its Viet Nam war debt but more importantly as 80 million baby boomers ("demographic force") reached first home buying age in the early 1970s – for decades 30 year U.S. long bond yields ranged from 2-4%, but then from 1973-

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[72] Marx, *Das Kapital*(Levitsky) 97; my italics and emphasis.

1981 they climbed from 4% to 17%. Excess boomer demand doubled home prices in many markets. Two corresponding *capital value affects* ensue: first, the initial and obvious *inflationary* headwind period from @1973-1981 (capital under-supply, higher interest rates, 1973-74 stock "crash," severe recession) but then a second, longer-term, and more subliminal *disinflationary* wave from 1981-2007 (increasing capital supply, steadily disinflating rates, bull markets, only three short recessions). Politically, the global economy re-emerges with the end of the Cold War and financial markets access new capital generation sources in emerging markets; technologically, the IT and internet revolutions occur. Yet financially, in the second wave, savings & loans collapsed[73], the FSLIC merged into the FDIC, and Congress gradually began to expand Fannie Mae and Freddie Mac which re-scaled mortgage lending into a national nexus. Residential mortgage *bonds* emerge as a new and tradable asset class.

And from Carter to Clinton, and under the guidance and encouragement of Greenspan's Federal Reserve, government facilitated capital growth by incrementally de-regulating banking, culminating in the 1999 Financial Modernization Act which in part dis-engaged Glas-Steagall's limits on banks' ability to originate investments. By then the cat was out of the bag[74], as Wall Street had already began to "cross-pollinate" derivative contracts into mortgage markets. Subtle but intensely collusive value-creation and control regimes developed: government initially de-regulated markets to stimulate growth and subsequently to facilitate a re-emerging global economy; Wall Street capitalized on low rates and de-regulation by deploying increasingly complex and leveraged derivative tactics; and finally, the consumer took advantage of this pervasive and long-term trend to fund purchases by constantly re-financing mortgage debt, receiving lower home payments or buying "up" to newer homes, or taking "cash at closing" to pay off consumer debts (credit cards, boats, second homes, student tuitions, etc.). The combination of these dynamic and power "wave" events created an historically unprecedented "tailwind" economy which began to wind down in the 2005-07 period as interest rates "normalized" and real estate values leveled.

In this period, we observe how the value equation not only resisted its own capture, but in fact turned the game back on the players to undermine their exploitation and containment strategies. In street parlance, 2008 witnessed a "coming to Jesus" moment for secondary, tertiary, etc., i.e., radical virtualizations or *derivatives*: "virtual value players" (de-regulated

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[73] S & L's in part were strapped with @4% mortgage portfolios and as a result many leveraged real estate assets into energy assets only to be crushed in the 1980's oil glut.

[74] Brooksley Born (Commodity Future Trading Commission head, 1996-1999), aggressively lobbied Congress and President Clinton for greater regulative power over the mortgage derivative markets – her petitions were rejected, largely due to the recommendations of Greenspan, Richard Rubin, and Larry Summers, who argued against restricting derivative markets.

investment banks and rogue lenders[75], overreaching and either arrogant or simply corrupt government "do-gooders,"[76] and willing consumers) colluded to delude intrinsic real estate and mortgage values, grossly *under*-valuing subprime risk, and then "packaged" these aberrant values in "neat" and formal "bond" texts.

Derivatives grow like fractals off original bond figurations: the bond can be directly owned "long" but also held indirectly by using derivative instruments such as insured "credit default swaps" (CDS) or "collateralized debt obligation" (CDO), i.e., viatical-like insurance contracts in which the owner pays insurance premiums and cashes in if the bond instrument fails and the insurance company (often AIG) must repay the default. Derivative instruments practically serve farmers by insuring crops (e.g., corn and hogs) against failure, and are used in conventional bond markets to insure bondholder default risk. However, sub-prime derivatives both failed to fairly value and then opaquely[77] hid their intrinsically higher risk. Insurers like AIG errantly and naively bought into the bet that sub-primes would experience conventional default rates, profiting from millions in CDO premiums annually and *without then commensurately reserving for their risk*. However, AIG's and rating agency underwriters were also calibrating that these same sub-prime mortgage bonds were "backed" by the "government sponsored enterprises" (GSEs) Fannie Mae and Freddie Mac. All the players were making hay – government hyper-egalitarians were supplying homes to lower income folks, banks were borrowing at unnaturally low rates and originating and selling 11% paper, insurers were receiving premium income without reserving adequately, and the real estate sector flourished under this additional artificially induced "demand."

The perfect storm emerged in 2007-2008 when sub-prime adjustable rate triggers kicked in – i.e., sub-prime mortgages were issued with low, "teaser" rates (e.g., 6%) which would "adjust" in the 3-5th year to the actual rate (e.g., 8-12%), substantially increasing the monthly payment. With declining interest rates moderating home equity growth, sub-prime bondholders and banks' real estate portfolios were left with no collateral since most sub-prime loans required little or no down-payment – they were 100% loan/value loans. The losers were the most leveraged bankers (Lehman Brothers, Bear Stearns), the mortgage

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75 For example, a California strawberry picker with a $14,000 income obtained a $724,000 mortgage. (Lewis, 97)

76 As noted the "government sponsored enterprises" (GSEs) Fannie Mae's and Freddie Mac's footprints were all over the crisis. Responding to Congress' overreaching "fair housing" initiatives, these GSEs increased private bank sub-prime lending quotas while simultaneously misrepresenting their risk exposure to rating agenciessure – e.g., Fannie Mae claimed only $8.3B in 2007 when it actually held $94B. (Source: Peter Wallison, *Wall Street Journal*, 12-21-2011, A19).

77 "Goldman Sachs created a security so opaque and complex that it would remain forever misunderstood by investors and rating agencies: the synthetic subprime mortgage bond-backed CDO, or collateralized debt obligation." (Lewis, 72.)

insurers (AIG), and ultimately American taxpayers who were ultimately left on the hook for Congress' and the private sector's collusive malfeasance and ridiculous stupidity. The winners were the derivative owners on the right side of the bet, e.g., the CDO owner who held a kind of life insurance policy on the bond, *under*-written (its "billed" or fictive risk) as "normal" by rating agencies, on what was in fact an extremely high risk patient (the subprime mortgage).

Summary: "Scale," the force radical; "Sovereignty," of virtual radical

Economics must be re-tooled, re-imagined, to *account for* the value equation which is factored theoretically by the conflation of probability *and* scale, and backed by culture (e.g., social, religious, and governance assemblages). We can walk leisurely through the value equation when it is *scaled* to our local farmers' market, yet today's mega-markets "move the planet" when *scaled* at the extreme, virtualizing margins. Few farmers' marketers realize that even in 1997 "the entire volume of publicly traded financial assets (about $24 trillion) turns over every twenty-four days. …The entire traded volume of U.S. Treasury debt (about $2.6 trillion) turns over every eight days."[78] What is capital really "worth" under such incessantly scaled trade volume? Likewise, errant sub-prime financing scaled voluminously[79] and overwhelmed markets by 2008. Economic behavior, e.g., Greenspan's sideline "irrational exuberance" comment, itself becomes captured by these value momentums.

In the re-emerging global economy the value equation eludes capture by sovereign regulators or private tacticians.[80] Statistical theory "works" at basic levels, but its predictive power retains real empirical limits beyond very basic iterations. "…In a dynamical system…where trajectories…depend on one another, the ability to project into the future is not just reduced, but is subjected to a fundamental limitation. Poincaré proposed that we can only work with qualitative matters – some property of systems can be *discussed*, but not computed. You can think rigorously, but you cannot use numbers. Poincaré even invented a field for this, *analysis in situ*…" So economy is observable *at the site of the transaction* but itself resists quantitative, theoretical analysis because value cannot be captured theoretically but only *qualitatively.* In practical application, this insight leads to what we have noticed as the value equation's *counter*-sovereignty stemming from its native unpredictability:

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[78] William Greider, *One World Ready or Not: The Manic of Global Capitalism* (New York NY: Simon & Schuster, 1997), 23.
[79] From $30B sub-prime per year in the 1990s to $507B in 2005. (Lewis, 23.)
[80] Greenspan, 1998: "I have learned more about how this new international financial system works in the last twelve months than in the previous twenty years." (Friedman, 368.) George Soros, 1998: "...the character of the financial markets has changed beyond all recognition during the forty-five years that I have been involved in them." (George Soros, *The Crisis of Global Capitalism* (New York NY: Public Affairs, 1998_, 108.

"…Poincaré introduced nonlinearities, small effects that can lead to severe consequences…[i.e.]…unpredictability, or, more technically, nonintegrability. …Poincaré's reasoning was simple: as you project into the future you may need an increasing amount of precision about the dynamics of the process that you are modeling, since your error rate grows very rapidly. …Poincaré showed this in…the "three body problem. If you have only two planets in a solar-style system, with nothing else affecting their course, then you may be able to indefinitely predict the behavior of these planets, no sweat. But add a third body, say a comet, ever so small… Initially the third body will cause no drift, no impact; later, with time, its effects on the two other bodies may become explosive. Small differences in where this tiny body is located will eventually dictate the future of the behemoth planets."[81] Of course in cultural economies we are talking about human value/virtualizing communicative systems which resist even initial measure, and which refract fractally, *beyond accounting*. Cultural economic accountability occurs *at the site of the event*, is empirically non-quantifiable, and we venture its theory or control only at great peril.

The virtual form accumulates the complex variability of value. Value is compressed into the *capital* form, most removed from its material source. Indeed, the virtual form becomes its own commodity object, *virtually* completely *virtualized.* This "concentrated virtualization" at once *institutes* itself by the authority of its transactive *circulating* momentum – the social nexus evolves within the exchange market of values. It is value's own evolution which gives rise to its gradual *institutionalization*.[82] The value equation's sheer momentum initiates sovereignty and as such it becomes an originator and beneficiary of its own virtualized institutions.

The interrogation of the political economy requires a *qualitative* cultural symptomatology of forces and signs rather than merely a *quantitative* metrical "science." This is not a "philosophical" move but rather it invokes a more radical *cultural economic pragmatism*: "The world is not a text in which signs only refer to other signs, but a network of forces in which signs are symptoms of forces – and philosophy is a semiology only in the older sense of the word – a symptomatology…"[83] Economies of the total value equation pervade human culture and subsume "capitalism" as the virtual value form. The crises of capital are the conditions of value.

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[81] Taleb, 178-9.

[82] "…[as] circulating money is reduced to…a forced currency…its arbitrary value is entirely dependent on government regulations." (Goux, *The Coiners of Language*, 21-22.)

[83] Ronald Bogue, *Deleuze and Guattari,* London: Routledge, 1989, 37; quoted by Carl Raschke, *The Next Reformation (*Grand Rapids MI: Baker Publishing Group, 2004), 63.

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