

The Return of Surplus Value

The Economic Circuit and the Monetization of Surplus Value

The striking thing about the dynamics of the New Economy business cycle is how fast it builds up excess inventories of unsold goods as soon as demand starts to decline, particularly the demand for *high tech* capital goods. Furthermore, this comes on the heels of years of organizational restructuring inspired by the Japanese *just in time* and *zero stock* techniques which, according to the post-Fordist manuals, should, if not totally eliminate, at least greatly reduce the risks of overproduction.

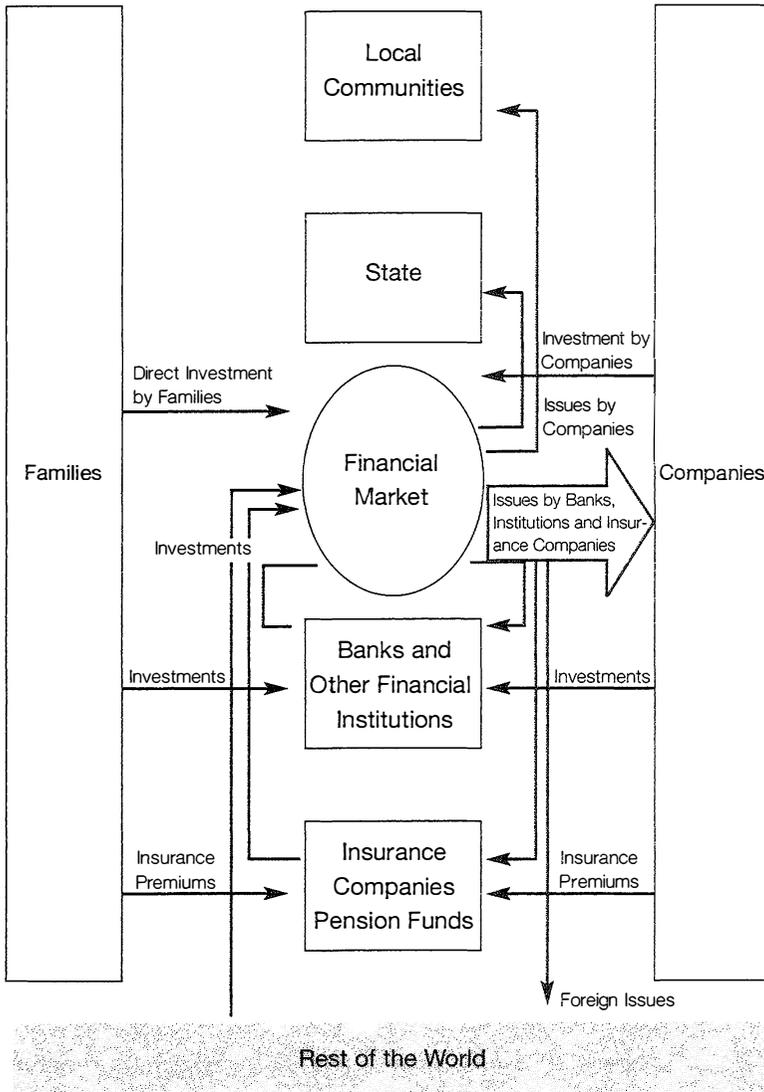
The question of excess inventories has been associated by many observers with the perverse effects of *overtrading*: the more fever-pitched the rising phase of the cycle as an effect of increased consumption fueled by debt, the more violent the recessive demand phase and, therefore, the higher the volumes of unsold stock. This is an old story that has to do with the difficult transition from *extensive* to *intensive* enlarged reproduction, the transition, that is, from enlarged reproduction in which the two sectors (consumer goods and investment goods) grow in parallel and mostly at the same rate, to enlarged reproduction in which growth is limited only to the investment goods (means of production) sector,

whereas demand for consumer goods is constant or, as when the economy approaches full employment, gradually declining (to the extent that the marginal increments of consumption induced by new hiring are smaller).

From the point of view of Marxian critical analysis, the role of overtrading in the expansive phase of the cycle, the creation, that is, of *additional demand* with respect to demand created by the payment of wages and salaries in both sectors—consumer goods and investment goods—demonstrates that the creation of surplus value does not lead in itself to the creation of demand sufficient for its realization. The capital cycle, in other words, is structurally unbalanced *ex ante*, so that only exportation or public deficit spending or, as in the New Economy, liquidity created by the workings of the financial markets, is able to ensure the continuity of the business cycle. If this were not the case, declining demand should bring supply and demand back into equilibrium. But, on the contrary, *as soon as* demand begins to decline, unsold stocks start to show up, which means there is some amount of unrealizable value (surplus value)! It appears, therefore, that it may be useful to take another look at the Marxian analysis of the cycle and the crisis.

It must be recalled that in classical economics, as opposed to the neoclassical school, the functioning of the economy is represented by something called the *economic circuit*, a circuit which links production and consumption in their various phases. Volume II of *Capital* contains Marx's best description of the economic circuit, a concept first developed by the Physiocrats in the middle of the 18th century. The economic circuit is important as a representation of the capitalist economy because it provides a description of the temporal sequentiality of production and reproduction, as well as the circularity that links the payment and spending of wages (Fig. 1).

Figure 1: The Economic Circuit



As is well known, in volume II of *Capital* Marx first analyzes simple reproduction, in which all surplus value is (unproductively) consumed by the capitalist. Subsequently, Marx analyzes enlarged reproduction, in which part of the *realized*, that is to say *sold*, surplus value is invested to enlarge the productive process itself and the volume of employment.

One important feature of the analysis, which is responsible for a series of errors and ambiguities in the Marxist tradition, is that in the diagrams used as the basis for Marx's argument the exchanges between goods produced in the consumer goods sector and the investment sector are exchanges effected in terms of *exchange value* (that is, of the social work time contained in the goods), and—an aspect which confirms the centrality of these exchanges in Marx's analysis, in terms of *use value* (of subsistence goods and capital goods), but *not* in terms of the money necessary to execute the exchange. "The money on one side," Marx writes in chapter XXI of volume II, "calls forth expanded reproduction on the other, because the possibility for it exists without the money. For money in itself is not an element of actual reproduction" (Marx, 1907, p. 572).

In the diagrams, in fact, the argument is developed in terms of simple circulation, C-M-C', where money (M) performs, if you will, an evanescent function as a bridge between the commodities C, C', C", What counts here is the commensurability of the commodities, the mere reference to money as a measure of value is sufficient.

In one passage of volume II Marx is concerned with the conversion/realization of surplus value into money, where he posits the hypothesis that the money lacking for overall actual production is supplied annually by the gold producer. But the solution of the

gold producer, although valid with regard to simple circulation (C-M-C'), *does not* respond in any way to the central problem of capital circulation M-C-M'. Here the conversion of surplus value into money is fundamental for the continuity of circulation. In capital circulation the problem is no longer the quantity of money but the quantity of monetary incomes.

On the other hand, when in discussing his diagrams of reproduction Marx interrogates himself on the "reproduction of monetary material," he demonstrates a clear understanding of the difference between simple circulation and capital circulation: "Take it that the entire production belonged to the laborers, so that their surplus-labor were done for themselves, not for the capitalists, then the quantity of circulating commodity-values would be the same and, other circumstances remaining equal, would require the same amount of money for circulation. The question in either case is therefore only: Where does the money come from which serves as the medium of exchange for this quantity of commodity-values? It is not at all: Where does the money come from which monetizes the surplus-value?" (ibid. p. 552). It comes, and this is the point, from the gold producer, or, in a regime of non-convertibility, from the printing press of the central bank. We are talking about monetary *material* aren't we?

On the level of capital circulation, in order to be realized surplus value *must* be sold, that is, *acquired with incomes*. A commodity is not sold against a quantity of general equivalent money (be it gold or bank notes) but against a quantity of incomes. Even in a regime of nonconvertible money the object is still *incomes*, because in a regime of nonconvertibility like the present one, which does not have a problem of production of *commodity-money*, the question of the quantity of monetary incomes remains

the same: *who* creates these incomes and, above all, to *whom* are these incomes paid?

The point that strikes me as truly fundamental is that in most cases analyses have been put forward *as though* the problem of the realization of surplus value were resolved by the functioning of the economic circuit described by Marx in volume II, that is, on the basis of his diagrams of reproduction; in other words, *as though* the problem of the Marxian criticism of Say's law, which as is well-known fixes the *identity* between supply and demand in monetary terms, were reduced to hoarding, to the suspension of the circulation of those incomes which, by subtracting them from the system, breaks the chain of transactions C-M-C'-M-C" and provokes an imbalance, a build-up of unsold commodities.

Even remaining, purely as a working hypothesis, within the sphere of simple circulation, Marx's criticism of Say's law is not sustainable today, at a level, that is, of development of the productive forces of monetary circulation (digitalization and globalization) such that the lack of income in any point of the circulation of values (owing to a savings, which is a form of hoarding) is *automatically* compensated for by the movement of savings from one part of the globe to another. But besides this fact, the important fact is that this criticism of the identity of Say's law cannot stand unless it *first* responds to the question of how surplus value is monetized in the circulation of *capital*.

In reality, Marx provides all the necessary requisites for developing a radical critique of Say's law, be it for going beyond the underconsumption thesis of Rosa Luxemburg or, even, beyond Keynes's thesis of the tendency toward the underemployment of productive resources. But on one condition: that one assumes that the imbalance is structural, in the sense that it is created in

the production phase, revealing the impossibility of realizing the surplus value *on the sole basis of the salary incomes distributed at the beginning of the circuit of capitalist production.*

In the *Grundrisse*, Marx reflects on the question of the monetization of surplus value using simple numerical examples: “There remains a surplus value, an addition as such, newly created, of 20 thalers. This is *money*, posited as a negatively independent value against circulation. It cannot enter into circulation as a mere equivalent, in order to exchange for objects of mere consumption, since circulation is presupposed as constant” (Marx, p. 366).

Surplus value, Marx says in this citation, is money, *but not* general equivalent money. So what is it then? “*Money*, then, in so far as it now already *in itself* exists as capital, is therefore simply a *claim on future* (new) labour... As a claim, its material existence as money is irrelevant, and can be replaced by any other title. Like the creditor of the state, every capitalist with his newly gained value possesses a claim on future labour, and, by means of the appropriation of ongoing labour has already at the same time appropriated future labour.” This means to posit “future labour as *wage labour*, as use value for capital.” And, in confirmation of our thesis, there is no “*equivalent* on hand for the newly created value; its possibility only in new labour” (*ibid.*, p. 367).

So, to tie things up, for the new value (20 thalers in his example) there is no amount of general equivalent money, there does not exist, that is, a quantity of monetary incomes that would permit the sale of these 20 thalers of value-commodities. But there does exist an income which functions, if spent to acquire the 20 thalers, as a claim on future labor; as, in other words, money capital that will command new labor.

To put it simply, “on a par with public credit” the money for the monetization of the surplus value exists, but the condition for

its existence is not its material nature (“its material existence as money is indifferent”) but rather its ability to function as a claim on future labor, *as a vehicle for the salarization of new labor*. Or better yet: as money that commands living labor, the *use value* of the work force.

To claim that the imbalance is structural does not mean that, historically, solutions have not been found to the problem of the conversion/realization of surplus value. It means that the solutions are, and this is the point, historical and as such that they call for the study of the social and institutional arrangements which from time to time have regularized the cycle or led to the eruption of crises.

We have known colonialism and imperialism, that is, the search for *external outlets* from the capitalist circuit in order to realize surplus value not realizable internally. We know that imperialism reached the point of granting poor countries outside of the circuit the credit, the purchasing power, necessary for the importation of surplus value not realizable inside the circuit of developed countries. The policy of multinational banks toward poor countries, widely recognized as the debt trap, corresponds exactly to this solution of the problem of the monetary realization of surplus value (see Vitale, 1998).

One crux of the capitalist economy is ensuring the *continuity* of accumulation. Every interruption constitutes a social and political risk for capital. That is why, historically, the imperialistic way of guaranteeing the continuity of capitalist accumulation presupposes the *destructuring* of the natural economies of countries outside the capitalist circuit. The destructuring of poor countries, but, without restructuring, in order to keep them in a *dependent* relationship, because if they were restructured the contradiction between unrealized surplus value would simply re-present itself on

a larger scale. The function of the debt trap is exactly that: to preclude peripheral countries from freeing themselves from their dependence on center countries, maintaining them, however, in their condition as outlet markets for center countries. This means that there is no development without underdevelopment.

The other “solution” to the problem of monetizing surplus value is the welfare state, whose deficit spending has, so to speak, resolved *inside the circuit* what imperialism resolved outside the circuit. The creation of *additional incomes* necessary for the realization of surplus value which contribute, together with wages and salaries, to the formation of effective demand, is done, and can only be done, through *deficit* spending. The new income must be an additional income, created *ex nihilo*, which is paid back when the realized surplus value, and the reinvestment of the realized surplus value, broaden the tax base by increasing employment for salaried workers. That additional income comes back in the form of higher tax revenues, thus permitting the elimination of the initial deficit.

It is evident that this system functions by virtue of its *continuity*, its capacity to guarantee the *commensurability* of commodities in circulation. If it is interrupted, as it is in periods when investments in constant capital do not create jobs but eliminate them, it sets off a cumulative spiral of deficits. In fact, continuing to use public spending to create additional demand in order to ensure the continuity of the circuit, but with investments which do not broaden the employment base, undermines the usefulness of deficit spending as an economic instrument. But, and this is the essential point, it is undermined not so much because the investments in constant capital fail to create additional employment, but because the mass of the unemployed who, in a modern welfare state, are

eligible for unemployment benefits, do not function as a (potentially) new or future work force.

Strictly speaking, and according to Marx's indications in the *Grundrisse*, the deficit can continue to grow, but on the essential condition that the money created *ex nihilo* function simultaneously as a means of monetizing surplus value and as a claim on *future* labor. If the unemployed proletarians do not respect the conditions posed by the capitalist welfare state, if they do not demonstrate their willingness to accept their fate as future wage workers, then you have a "taxpayer strike" against higher tax rates, which is usually followed by a series of measures designed to rationalize public spending in order to reestablish the capitalist command over the future of the no longer productively employed work force.

I think it is important to examine one further question. The economic circuit is nearly always considered (implicitly or explicitly) to be coincident with the *national* economy. Everything we have been saying, therefore, is valid within each single national economy and each national economy is in turn enlisted in a network of relationships with a multiplicity of other national economies. Taken together, these relationships make up the *international economy*.

Given that each national economy is monetized in terms of its own accounting unit (dollar, euro, yen, etc.), and given that for each national economic circuit, according to Say's law, the gross domestic product is equal to the sum total of internally redistributed incomes, it follows that exchanges between national economies *should* be carried out in a supranational accounting unit. In fact, where international transactions are executed with a national accounting unit, as in modern economies where 80% of international payments are effected in dollars (the international currency), the asymmetry between the national currency and its international

utilization cannot but generate economic-financial imbalances on a global scale.

For this reason, there have been repeated attempts over the last several decades to put an end to global economic and monetary instability by returning to the old *gold standard* or, along the lines of Keynes at Bretton Woods, by establishing an immaterial supra-national currency similar to the Bancor proposed by Keynes at the 1944 conference. In both cases, the idea is to restabilize the symmetry between national economic circuits by establishing a vehicular currency that would allow exclusively for the exchange of nationally produced portions of value without modifying the exchange rates in favor of this or that nation.

In the Marxist tradition this vision of the economy and international transactions is clearly identifiable in the definition of money as the *universal equivalent* of commodities. This is a commercial definition of money that—as we have seen earlier with regard to the diagrams of reproduction—belongs to the sphere of simple circulation, the sphere in which the commodities that are exchanged through the mediation of money are *already produced* commodities, already containing a certain amount of socially necessary work. We know that Marx develops this form of money (*general equivalent*, as it pertains to the national economic circuit, and *universal equivalent* as it pertains to the global circulation of commodities) in the first section of the first book of *Capital*.

Actually, in Marx money is a *form of value*, in the sense that value is present in the double form of commodities and money. As a form of value, its essence is not at all reduced to the generally equivalent form, given that this latter is but *one of the many functions* of money (accounting unit, measure of value, means of exchange, means of payment, reserve of value, etc.). Money, in

other words, is the form which value takes on in certain relationships of exchange between buyer and seller.

As a form of value, money is the *form of social cohesion* characteristic of modernity, that is, “a way of ‘accounting’ individuals and organizing them into groups and distinct territories, by means of a relationship between private and public. Because it is a social link, money is also (functionally) an instrument of trade, and object of accumulation or support of power; but to reduce it to these functions alone would mean leaving out the essential” (Boyer-Xambeau, M.T. et al., Gillard, 1986, p.3).

For example, in the absolutely fundamental case of the exchange between capital and the work force, money is the form of a value which *does not exist as* an equivalent *in circulation*, but of a value which *will be produced* by living labor once the work force enters directly into the circuit of production under the command of capital. This means that the money with which the salary contract is stipulated does not have commodity-salary equivalents in circulation; it is, in other words, money created *ex nihilo*, a means of payment which becomes commodity when the work force ceases to be separated from capital and, by starting to produce value, also produces the commodities of the salary-basket.

This means no more and no less than that payment of the salary *does not* presuppose any amount of corresponding money-commodity, since it is the in *actu* living labor which produces its salary-commodities. The quantitative correspondence between money in circulation and gold held by the central bank is thus irrelevant if for some reason the accumulation of capital is not stopped. When, on the other hand, the circulation of values is interrupted and consequently there is hoarding on a social scale, then the quantitative distance between paper money and general equivalent

reveals the qualitative distance between modality of accumulation and work force, between capital enhancement and self-enhancement of the work force.

If we define money as a form of value, a form containing a set of *functions* (among them the universal equivalent function), then it follows that the economic circuit can, or better *must* be analyzed from a global point of view. Global money is, after all, a form of *global value*, a form of value which is produced with the contribution of economies whose nationality is derived not from the economic dimension of the citizenry but from their political dimension.

This makes it easier to understand that odd statement by Marx: “The world market thus constitutes in turn, and together, the premise and the support of everything.” The world market is a “premise” in the sense that the production of value is not national but worldwide, but at the same time the world market is “the support of everything” in the sense that the international division of labor and the hierarchical organization of exchange functions as the framework for the entire world market.

Within the worldwide form of value, the weight of the various functions of money will vary historically depending on whether international commerce (the exchange of already produced commodities) or the production of new value is preponderant. In the first case, the function of money as universal equivalent will have greater weight relative to the function of money as a means of payment; in the second case it will be the contrary. In both cases, however, the fundamental asymmetry is not that between national currency and its use on the international level, but rather that between the work force and its capitalistic utilization, between distributed salary (across the spectrum of national accounting units) and global surplus value.

It should be noted that even a “century before the emergence of issuing banks [therefore, in the sixteenth century], money was not limited to gold or silver but already formed a specific interplay between private practices and public prerogatives, a *process of sociality*. And the breakups of the late sixteenth century led to the first crisis of this modern money, showing the limitations of its as a social link” (*ibid.* p. 7). Already at the dawn of the modern monetary system, the existence of a plurality of regional-national accounting units means that monetary relationships are international *not* because they presuppose a crossing of borders, but because they convert different regional accounting units. In other words, the accounting unit does not define the nationality of the economic circuit, but holds within itself the *diversity of the global space of capital enhancement*.

The disproportion, typical of the monetary system dominated by the dollar, between the *national* accounting unit and the *international* means of payment, though on the one hand a consequence of the productive force of a certain *national-space* relative to the rest of the world, also reflects the need of the strongest economy to avoid the interruption of the process of production/circulation of value in one or more points on the world circuit.

Finally, we must take account of the fact that even in a regime of immaterial (nonconvertible) currency, the function of general equivalent money does not disappear with the disappearance of gold, but the universal equivalent is replaced by a combination of monetary functions or systems which, from time to time, can function as a monetary support on a world scale (for example, a system of fixed exchange rates, or floating exchange rates, of strong currencies, “top-rated” bonds, etc.).

The Rationality of the Cyclical Form

“Let’s imagine a primitive community of fishermen. The only consumer good: fish; the only productive activity: fishing. The tribe decides to reduce its consumption in order to free up a *surplus* to be used to improve its fishing equipment and, as a consequence, its productivity, with an aim to producing more fish later on. For this purpose, it decides to take a few men off the fishing detail and puts them to work making pirogues. From there a reduction in the consumption of consumer goods, an increase in investment, a decline in the production of consumer goods and a simultaneous increase in the production of means of production” (Arrighi, 1974).

What is the “moral” of this hypothetical community? It’s this: that sector I, the production of capital goods, never grows independently of sector II, the production of consumer goods. Or better it does something even more important: it grows in proportion to the decline in the sector that produces consumer goods. This community not only *can* but *must* make the two sectors vary in inverse proportion, the one against the other. This is the necessary condition for maintaining its equilibrium. This is in conformity with the two quantities in play, because they are the only components of a given total quantity, which is the *social potential* of production and, consequently, they cannot but vary in inverse proportion, the one against the other.

“Now let’s imagine that some private entrepreneurs intervene, invading the community and taking in hand, by privatizing them, all of its economic activities. The fundamental equation is reversed: no private entrepreneur will increase the production of pirogues at precisely the time that fish consumption is falling, nor will he cut back on production when fish consumption rises. For

those who now hold the reigns of economic decision-making, the incentive to investment is directly proportional to consumption” (*ibid.*, pp. 380–81).

In a certain sense, capitalists are induced to acting in an inopportune manner: to invest when—following the absorption by end consumers of a larger part of the social product—the means for investment are becoming scarce; to disinvest, or to slow down the rate of investment, when—following a drop in end consumption—the means for investment are overabundant. It is in this form, on the level of the realization (sale) of the product, that the fundamental contradiction between social production and the private appropriation of wealth is revealed. This is what determines the instrumental imbalance in the capitalist mode of production, which is to say, of the market economy.

At this point it is fair to ask why, *despite* this imbalance, despite the fundamental contradiction between the private interest of the entrepreneurs and the objective conditions of social production, the free market system is not immediately and permanently blocked. The answer is that, in the *capitalist* community “of fishermen,” the manufacture of pirogues and the production-consumption of fish can rise and fall simultaneously (thus making the sum total of pirogues and fish *elastic*), but only on one condition: that there exists in the community a reserve of unemployed workers and/or a reserve of means of production which can be mobilized or demobilized according to the circumstances.

If, for example, the economic system is open then, besides the internal reserve of productive forces, we have the contribution of external productive forces in the form of capital and workers. This contribution adds a *supplementary elasticity* to the effective potential of social production, that is, to the sum total of the productive

forces actually put to work at the time under consideration. It is this reserve, internal and/or external, and therefore this very tendency of the system toward underemployment, which allows the capitalist economy to function according to a logic which is the reverse of the logic of the community of fishermen: instead of consuming as an increasing function of production capacity and as a decreasing function of investment, it produces and invests as an *increasing* function of added consumption (consumption, it must be recalled, which is only apparently unproductive, since it actually carries with it the *productive future of the work-force*). Here lies, in effect, the secret behind the miracle of the thirty golden years: the substantial *salary increases* in that period functioned as an *engine* of economic growth and not as a brake!

So, if we start from the presupposition that there is a basic structural imbalance in the operation of the economic circuit, and this is the precise result of P (production, supply) *greater than* R (income, consumption), then *overtrading*, in so far as it is the creation of income *in addition to that created directly inside the circuit*, allows us to explain the oscillatory dynamics of expansion and recession: the *cycle*. *Overtrading does not send the circuit out of balance, on the contrary, it balances it dynamically*. As such, overtrading is additional income (created by means of credit granted to importing countries outside of the capitalist circuit or by means of public *deficit spending*) which brings overall income to the level which was known to classical and neoclassical economists as general equilibrium.

But it is a kind of additional income which is created *from outside the circuit*, which actively presupposes a consciousness of the *collective interest* of capital, an awareness owing to the fact that the economic circuit is, by nature, constituted by an assemblage of individual interests which, if they are not organized as a class, are unable

to see beyond their own noses. In fact, each entrepreneur views the salaries paid to his own employees as a pure cost, and not as an element of final income which will allow him to sell his surplus value.

In the Fordist era, the driving force of *overtrading* was triggered by the *deficit spending* of the welfare state, together with the dynamics of international trade (exports toward peripheral countries in accordance with the logic of dependence). In that case, the business cycle was managed on the basis of the indications given by Keynes: the economic system having a tendency toward under-employment of productive forces, the creation of additional demand on the part of the welfare state, always however within an imperialist international context, transformed unemployed human resources into salaried work force. The Keynesian-Fordist business cycle, in other words, had a tendency toward full employment in center countries and toward destructuring *sans* restructuring in peripheral countries.

Within the Keynesian cycle the upper limit of expansion, the limit beyond which you enter into recession, was full employment. As the economy drew nearer to this limit, or rather as the growth rate of consumption gradually slowed, the growth rate of indebtedness (public and private) originated by *overtrading* revealed the approaching upper limit of the cycle, which unleashed the banks in a race, each against the others, to recover the loans granted during the expansion phase. This is how the expansion phase spilled over into the recessive phase: by turning off the faucets of overtrading, nonmonetizable surplus value, in the form of unsold goods, was left high and dry. A surplus value made up primarily, at least initially, of capital goods.

As in the Fordist era, the role of the welfare state in creating additional demand never succeeded in eliminating the role of peripheral

countries as market outlets outside the imperialistic circuit (even where peripheral countries began to develop economically their dependence on center countries remained just as it had been), in the New Economy the financialization of the business cycle does not eliminate (though it certainly reduces them) the role of the welfare state and the world economy as devices for the monetization of surplus value.

The overtrading of financial markets, imprudently defined (in 1996, some four years prior to the beginning of the crash) by the Governor of the Federal Reserve as “irrational euphoria,” no longer has as its upper limit the Fordist-Keynesian tendency toward full employment of generically-defined human resources but rather the tendency toward full employment of *cognitive human resources*. When the economy approaches the limit of the human capacity to absorb the supply of informational goods, financial overtrading, needed in the expansion phase to ensure the continuity of economic growth, ends up turning into a “preference for liquidity,” hoarding on a worldwide scale, revealing a “digital cornucopia” of informational surplus value no longer monetarily absorbable by current demand. This is the beginning of the recessive crisis of the New Economy.

To return to Marx and the *Grundrisse*, the creation of money *ex nihilo* in its capacity as a *claim on future labor*, that is, as money capital which, *as such*, can very well be created independently of the amount of general equivalent money in circulation, comes to a halt as soon as *rigidity* develops in the process of conversion of generic human resources commanded by capital. The Fordist paradigm exploded when salary increases revealed, behind their *positive* economic function, their *negative*, so to speak, *political* function, their having become, that is, the vehicle for the growth of the opposing

power of workers in the very gut of an expanding economy. The New Economy paradigm, on the other hand, goes into crisis when the modes of social wealth production themselves undermine the political control of the monetary authorities with regard to the creation of the (*necessary*) incomes for the monetization of surplus value, when *financial overtrading* undermines the autonomy of monetary regulation by the central banks (see Mayer, 2001).

It's hard to resist the temptation to compare the late 1990s fever for tech stocks to the Dutch tulip mania of the early 1600s. "The most spectacular, and certainly the most alarming of these speculative breakouts," writes Simon Schama, "was the great tulip mania of 1636–37. It has been the subject of much astonished and bemused writing, perhaps because of the apparent incongruousness between the banality of the flower and the extravagance of its treatment. Only a deeply bourgeois culture, it is implied, could possibly have selected the humble tulip—rather than, say, emeralds or Arabian stallions—as a speculative trophy. But there was nothing suburban about tulips in the seventeenth century. They were, at least to begin with, exotic, alluring and even dangerous. It was precisely at the point that their rarity seemed capable of domestication for a mass market that the potential for runaway demand could be realized. It was this transformation from a connoisseur's specimen to a generally accessible commodity that made the mania possible" (Schama, 1987, pp. 350–351). Even though the historical explanation of the crisis of overproduction of the Dutch bulbs and the accompanying speculative bubble is still not entirely clear, it would seem to some observers that, behind the massive use of financial instruments such as *stock options*, there may be the aim of certain economic groups to prevent a growing number of people from entering a market which until then had been foreclosed to them—

just what happened at the moment in which tulips were transformed into standardized products accessible to all.

Over the course of the 1990s the new technologies represented the *general intellect* in its cooperative and liberating aspects (on this topic see the excellent historico-cultural reconstruction of the computer revolution by M. Revelli, *Oltre il Novecento, parte II, Il dilemma dell'uomo flessibile*), and, as exchange-traded securities, the *chance* to become rich. For lots of young people Silicon Valley actually worked as a place to emigrate to. They went there to test themselves, to put to work their own specific, singular cognitive-productive qualities. The “banality” of the computer, its being a force of *immediate* reticular cooperation, worked as a lever for a theoretically limitless production of immaterial goods. In a certain sense, the *general intellect* was imported “from outside” the economic circuit, a little like in the industrial era when immigrants were imported at times when, inside the capitalistic circuit, all of the unutilized productive resources had been employed and, politically, salaries couldn't go up anymore, even nominally.

The *standardization* of technological goods, which has transformed the financial markets into devices for the creation of incomes/returns on a (albeit inequitable) social scale, deserves some reflection. If in the New Economy, as Rifkin has said, “the temporary access to goods and services—in the form of leasing, renting and so on—becomes an ever more attractive alternative with respect to purchase and long-term possession” of commodities, whether they are consumer goods or capital goods (tangible or intangible) (Rifkin, 2000., p.35); if new capitalist property takes the form of control over lifestyles (the product is no longer an expression of a lifestyle but, on the contrary, a lifestyle becomes the social representation of the product), then it follows that the

commodification of cultural, sexual, economic, and ethnic differences in the workforce is based on the *necessary linguistic condition* of the workforce. Not this or that language or culture, but *language* in general, that is, the capacity to transform itself into lifestyles as commanded by the use/consumption of this or that commodity.

This idea allows us to understand the theory of *increasing returns* brought to the fore by the New Economy. An innovation, albeit banal or coincidental, could not spread cumulatively like an oil spill if the (linguistic) capacity to metabolize it socially did not already exist. “Them that has gets,” says Brian Arthur, a complexity theorist at the Santa Fe Institute. Usually the first example used to explain the theory of increasing returns is the standard QWERTY keyboard common to all typewriters (the name is formed by the first six letters on the top row of the keyboard). “Is this the most functional way to arrange the letters on a typewriter keyboard? Certainly not. An engineer named Christopher Scholes designed the QWERTY layout in 1873 specifically to slow typists down; the typewriting machines of the day tended to jam if the typist went too fast. But then the Remington Sewing Machine Company mass-produced a typewriter using the QWERTY keyboard, which meant that lots of typists began to learn the system, which meant that other typewriter companies began to offer the QWERTY keyboard, which meant that still more typists began to learn it, et cetera, et cetera” (Waldrop, 1992, p. 114).

To make a profit, a company that produces intangible goods at marginal costs approaching zero has an absolute need to make its products accessible on a massive scale. The theory of increasing returns refers to *general* linguistic abilities (by *slowing down* the most competent typists, the QWERTY keyboard made it possible to “put to work” the linguistic abilities of the world population). But at the same time, increasing returns *presuppose* a monopoly on

innovations, the ownership of intellectual property without which general linguistic ability can quickly turn into the mass appropriation of reproducible wealth. In other words, to ensure profits the linguistic labor of the abstract typist “who is in each of us” must become wage labor.

Since the early 1980s the number of patents granted by the U.S. government has doubled. In 1999 alone the number of patents came to 161,000. To defend themselves against competition, both domestic and foreign, like the Asian producers of semi-conductors, American technology companies have become increasingly aggressive. And the American Congress, by instituting a new court of appeal for patent applications in 1994, has accelerated the push for patent protection. Whereas in the Fordist era patents were considered primarily as tools in the hands of monopolistic companies, in the New Economy the patent has become the instrument for ensuring capitalistic control over the *general intellect*. The antitrust decision against Bill Gates revealed the political contradiction between the need to ensure profits through the legal protection of intellectual property and the need to ensure innovation by giving the widest possible berth to competition.

Hoarding and Multitude

Let’s recapitulate what we’ve said so far about the rationality of the cyclical form.

The economic system can reproduce itself on condition that it be propelled by a set of driving forces that we have called *overtrading*. In the New Economy the financial markets have played a key role in the creation of additional incomes (*overtrading*), radically modifying the form of the business cycle on a global scale.

In the capitalist economy investments are only made in increasing function of final consumption, therefore—paradoxically—in decreasing function of savings. At a given level of employment this is a logical impossibility. It reflects the contradiction between the incentive to invest, which is directly proportional to consumption, and the material means of the investment, which are on the contrary inversely proportional to consumption. The system can resolve this contradiction by modifying the level of employment in the same direction as the expansion or contraction.

Thanks to *overtrading*, the business cycle maintains a state of unstable equilibrium. It moves in one direction or the other, it expands or contracts, contradicting its own logic: the development of productive forces (of the organic composition of capital).

The technological revolution that characterizes the New Economy has changed the nature of the business cycle in the sense that the facility of investment in high-tech (financialization, abundance of venture capital, low cost of money, influx of capital from the rest of the world, strong dollar, collective imagination, etc.), though it certainly energizes the expansive phase, runs up against a new saturation limit (new compared to the classic saturation limits determined by salaries, employment level, immigration). This new limit is the *capacity for absorption/consumption of new technology products for information*. In previous business cycles, the growth of sector I, producer of the means of production, was inhibited by the growing weakness of final consumption, weakness that increased as the threshold of full employment approached. In the new business cycle, investments in new technologies can grow beyond the threshold of full employment, both because the new technologies have decreasing costs and because the products of new technologies have increasing returns and cost margins equal to zero, and because

the linguistic nature of the new technologies determines a potential market that is virtually infinite (just think of all the people still not connected to the net in developed countries not to mention those in emerging and poor countries). The threshold that marks the upper limit of the New Economy business cycle is no longer material consumption determined by the level of employment (that is, the capacity for final spending), but *immaterial consumption*, the amount of “time remaining” in a society in which the largest portion of time is spent trying to achieve an income for material consumption. An economy in which informational goods are strategic needs attention time.

Raising the threshold in order to generate more expansive force means *inventing a global welfare* in which the creation of incomes to employ unutilized human resources is aimed at *producing free time*, time of distraction from the real economy, antieconomic time. What the New Economy needs is antieconomic time.

The New Economy realizes it is approaching the upper limit (which marks the beginning of the recessive phase) when the relationship between the stock price and company earnings (*price/earnings ratio*) points to an average rate of profit for a number of years too high for the average investor. This is the moment in which the self-referentiality of the markets multiplies the risk of illiquidity on a social scale. This leads to an outbreak of (Marxian) hoarding, or of the (Keynesian) preference for liquidity, that is, abstention from investment. Notice that, in further support of the thesis of the structural imbalance between supply and demand, investors abstain from investment when the difficulty of realizing a profit has already become evident, which is to say when unsold inventories have already accumulated. It is not, at bottom, the preference for liquidity that breaks the equality between supply and

demand. On the contrary, it is the existence of a disproportion between supply and demand that generates the preference for liquidity in the terminal phase of the business cycle. Indeed, the elimination of overtrading reveals the existence of an excess, of a surplus value, theoretically nonexistent if the cycle had developed on the basis of the equality of supply and demand. This is the reason that in the New Economy there is a relatively long period of time (almost a year) between the perception of an excessively high p/e ratio and the actual beginning of the recessive phase. The first to pay the consequences of a buyer's strike are those sectors that had pulled the p/e ratio up to its high level, which is to say, in the New Economy, shares of companies in the communications capital goods sector (industrial equipment including computers and peripherals, electronic equipment including telecommunications and semiconductors, communication services. In 2000 these three industrial sectors together generated 3.5% of all U.S. profit, but from the end of 1997 through the first six months of 2001 their profits increased by 70%).

The centrality and pervasiveness of the financial markets in the New Economy substantially changes the nature of hoarding. In a highly financialized economy the preference for liquidity, that is, the sale of securities in order to take possession of previously fixed money-capital, *cannot* be realized by everyone at the same time. To be able to sell there must be someone who is willing to buy. On a global scale this is logically, as well as actually, impossible. This "paradox of liquidity" reveals the contradiction between economic value and financial value: market securities are an abstraction of something quite concrete, that is, fixed physical capital that produces goods and services. The fixity of productive capital is a given that the liquidity of securities, the unfixity of liquid capital, cannot

change. There is no global liquidity because, globally, the market is irremediably committed to productive capital. "Liquidity," as Orléan writes, "is only a process of re-allocation of the company property among investors" (Orléan, 1999, p. 47). The losers are only the investors without power, the shareholders who cannot exercise their power of ownership over the productive capital. Hoarding ultimately leads to a shifting of material wealth from the mass of small shareholders to the new owners of the productive capital.

Hoarding thus also reveals the contradiction between individual rationality and collective rationality. What is rational on the individual level (to sell when it is believed that a stock has reached its apex), is not rational on the collective level (if everyone sells at the same moment there are no possible buyers). With the preference for liquidity the social enactment of public opinion turns into its opposite, into the *rationality of the multitude*. This is a losing rationality as long as the weight of fixed physical capital continues to make hoarding a process of reallocation of private property. But the rationality of the multitude (to be understood as the exact opposite of the financial *community*), becomes *innovative* when the production of wealth is concentrated only in the *general intellect*, in the *cooperation of living labor* which has no fixed physical capital other than the bodies of the agents of the *general intellect* itself (in this sense the *Dot Com* enterprises are a prefiguration of the *general intellect* turned collective enterprise). In this case, hoarding means a preference for something still more abstract than liquidity, it means demand for wealth, for the various forms of wealth: the freedom of social cooperation among the multitude, the freedom of the languages that run through the multitude, the freedom of the singularities of which it is composed. And the multitude's ownership of its body.

Hoarding and Panic

Historically, panic has functioned as a factor of hoarding on a planetary scale. But, despite the gravity of the crises which for over a decade have punctuated the evolution of the New Economy, one cannot but be struck by the declining impact of the panic factor.

Let's ask ourselves then: in the era of the New Economy, what Pan, what goat-god of nature, provokes the experience of panic, the onset of powerful anxiety generated by a fear so unbearable as to impede the organization of thought and action, capable of de-personalizing, of inducing impersonal behavior and mass mimicry? What is the "raw nature" that produces, *brings to light*, the "all or nothing" instinct, that "liberates" latent anxiety? "If Pan is the god of nature 'in here,' then he is our instinct" (Hillman, 1972, p.28).

Already the fact that Pan, for all of his legendary "naturalness," is a creature that does not exist in the natural world (he is, in fact, half man, half animal), that is to say, a totally *imaginary* creature, allows us to define the "raw nature" within that nurtures our instinct as a *metaphor*. As Jung explains, if instinct acts *and* at the same time forms an image of its action, produces, that is, its representation, then the feeling of "being at the mercy of" the depersonalization which panic generates constitutes the experience of a synchronically primary *and* intelligent behavior. There is a method to our panic.

We arrived at this paradoxical conclusion by studying the genealogy of financial crises, particularly the crisis of 1929, as explosions of the same *rationality* of speculation, the activity which, according to Keynes, consists in predicting the psychology of the market, in "outwitting the crowd." "Knowing that our own individual judgment is worthless," writes Keynes, "we endeavor to fall back on the judgment of the rest of the world, which is perhaps

better informed. That is, we endeavor to conform with the behavior of the majority or the average. The psychology of a society of individuals, each of whom is endeavoring to copy the others leads to what we may strictly term a *conventional judgment*" (Keynes, 1973, p.114).

The *mimetic relationship* between the individual economic actor and the others (the aggressive "crowd" of investors/speculators) has its rationality in everyone's lack of knowledge. When the conventional indicators, which represent the average values, no longer reflect the logic of the workings of the economic system, when the opacity typical of the financial markets induces behaviors whose rationality is now out of phase with respect to the economic transformation in progress, mimetic behavior intensifies the crisis, thus revealing the contradictory logic underlying the economic process, the immanence of the crisis within economic development. The functional mode of panic is thus a *necessary condition* of the panic attack.

As long as we can be confident that the convention, arbitrary as it is, will be maintained, mimetic behavior is completely rational. "But it is not surprising that a convention, so arbitrary in an absolute view of things, should have its weak points" (Keynes, 1973, p.153). The panic explosion, the frantic race to the banking windows to regain possession, in the form of money, of the property perceived to be "at risk," is nothing else than the revelation of the panicky nature of the capitalist mode of production, of its intrinsic precariousness. The panic demand for money reveals the contradictory nature of the market economy: everyone returns to his own property and, simultaneously, he finds himself closer to the others because of effects of mimesis, because of the contagion and the reactions it provokes (Orléan, 1988).

The violence of the crisis, far from reflecting the irrationality of the “raw nature” within us, represents the fear of the inadequacy of the conventions and the institutional powers in knowing how to manage the changed social conditions of economic development. At the same time, the “exuberant” utilization by individuals or groups of the ideas emerging from the ongoing processes of transformation represents the latent desire to be free from all authority, to be liberated from the slavery of the past. “Is not the Terror of 1793 both the apogee of holy terrors and the harbinger of their death? Although the religious spirit still inspires all the events and acts of the Revolution, it is also dying, as demonstrated by the failure of the revolutionary feast organized by Robespierre” (Depuy, 1991).

The ambiguity of meaning in the concept of panic, the confusion between true name and false alarm, led the catastrophe theorist, Colonel Chandessais, to conclude categorically that “panic does not exist.” Even at Hiroshima “the panic that made some Japanese jump into a lake is dubious” (Jeudy, 1997). All that exists are images of panic and the fascination provoked by the images. The origin of panic always depends, therefore, on a *modality* of alarm and the *interpretation* of the danger signals. Therein resides the *linguistic dimension of panic*, its being a “play on words.” Considered at one and the same time to be the essence of the Mass and the image of its dissolution, as the origin of the being and its destruction, panic is the image of the *disarticulation of language* and its representations. Much more than profuse sweating, pallor, palpitations, dyspnea, and tremors, being prey to panic means *being unable to speak*. The fear is so great that it cannot be identified with any object from which to defend oneself, a condition which amounts to *no longer being able to produce representations*.

The disarticulation of language defines the coordinates of the

panic experience in post-Fordist society (Virno, 1994). This experience also defines “the raw nature”—the god Pan who, according to the Jungian principle of synchronicity, connects the nature within us to the nature “out there”—as a way in which the world in general manifests itself. But in post-Fordist society, the world in its entirety, the context in which every entity is located, all events happen, and all speech resounds, is inherently a *linguistic* world. Language, the communicative and discursive fabric which embraces the world in its entirety as one big text, is the “raw language” with which we perceive the material context and experience the world. Language, *in general*, language as *faculty* or capacity to communicate, is what we are afraid to lose. In the post-Fordist context, in which language has become in every respect an instrument of the production of commodities and, therefore, the *material* condition of our very lives, the loss of the ability to speak, of the “language capacity,” means the loss of belonging in the world as such, the loss of what “communifies” the many who constitute the community.

Since panic manifests itself in the loss of the capacity to speak, as the disarticulation of language, the physical incapacity to name or recall objects (aphasia or dysphasia), it is the faculty of language, language as a possibility of existence which we are afraid to lose. The aphasic experience, described by Jakobson (1971) as “the evasion of identity toward contiguity,” as escape from the referentiality of language to contextuality, involves the relationship between language and world. When one is prey to panic he flees to no place in particular, to wherever, looks for shelter in the world as a whole. It is this mass escape to a formless world that jams the escape routes, demonstrating how little room there is when everyone belongs to the same linguistic context, when everyone has the same

fear of being deprived of the same property, of the same language faculty. As Virno has written, “the panic fear is not the consequence of a fracture between individual biography and the interpersonal powers that sustain society, but, on the contrary, it springs from the magnetic adherence of the individual to the *general intellect*. Or better, from an adherence which is magnetic because it is deprived of spatial regulation” (Virno, 1994, p. 74).

In a panic situation—a fire in a movie theater, for example—the other suddenly becomes a real enemy; amid the risk of being trampled, of suffocating, every movement of his becomes an attack on my body. As if to say that the *private* use of the *general intellect* clashes with its *social* nature, the individual body which incarnates the division of linguistic labor sees the body of the other as an obstacle. Only apparently was the movie theater the space in which the many were exercising their language faculty.

Catastrophe experts submit that the more people refuse to believe in the imminence of the danger, and don't want to abandon their own property, the more it is possible to prevent the eventuality of risk and, therefore, of a possible catastrophe. In an eminently linguistic context, in which one works by communicating, the resistance that prevents the eventuality of risk is possible if it is possible to distinguish false alarms from real ones. The capacity to interpret the indicators, the *benchmarks* which, in the form of simple numbers, synthesize a complex set of variables interpretable on the basis of a shared rationality, is possible only if the resistance of the individual is *at the same time* the resistance of the many, only if the interpretation of the warning signals of catastrophe happens through the use of the language that communifies and *preserves* the multitude.

In a context of high systemic risk (linguistic and global, such as the post-Fordist system of production and circulation of commodities),

linguistic resistance is strong, rational, and independent from false signals if it succeeds in contesting the dominant language without in turn reproducing a totalizing language; if it functions as a “war machine” which does not reproduce in negative form what it is fighting against, the catastrophic homologation of individual actions, but rather the implosion of the realm of meanings, of equivalences and identities. The community as a people is catastrophic, mentally ill, the community as multitude is in good health “even if it all goes wrong” (Deleuze, 1993).

But how in a post-Fordist society, characterized by a high degree of systemic complexity which by definition the commonly used indicators fail to fully represent, can the rationality of mimetic behavior manage to protect the community of the multitude from the false alarms and the stereotypical representations of panic transmitted continually by the mass media? How can the multitude protect itself from panic when everything seems to contribute to the creation of the optimal conditions for mimetic behaviors which risk producing real and proper catastrophes?

This question should not be understood as an implicit denial of the history of social, cultural, economic, and ecological damage produced over the course of time by irresponsible political choices, *concrete* choices which have created and spread the feeling that an imminent disaster could destroy the world we live in (Davis, 1999). On the contrary, what we must do is demonstrate how it is possible to avoid the social injustice and the natural disorder within the very logic that turns anxiety into panic, the action of the multitude into uniforming behavior in itself catastrophic.

The Asian crisis, the millennium bug at the end of the 20th century, and the very crisis of the New Economy demonstrate that the scenarios of financial collapse and electronic catastrophe, transmitted

repeatedly by the mass media, have not provoked panic behavior. For example, during the Asian crisis, analysts were surprised by the wisdom of millions of savers who, despite being bombarded by warning signals of systemic risk, did not stampede to withdraw their deposits from pension funds or mutual investment funds. The climate of catastrophe created by the millennium bug syndrome did not create that contagious behavior which could have legitimately been feared and which, independently of the falsity or reality of the danger, would *in fact* have provoked the catastrophe, made it inevitable, and certainly destructive of well-being.

The euphoria of the financial markets raises the specter of a worldwide financial crash. The financial-economic indicators and comparisons with the stock market performance in the 1920s justify the fear of a crash of epic proportions. In such situations, the reason of those who see increasing stock prices not as the reflection of the irrational exuberance of speculation, but as the real growth in social production, is not at all sufficient to protect us from the risk of catastrophe. You can never win against the crowd and examples of those who manage to win against the logic of “rational expectations” of the market are rare indeed.

The problem no longer even pertains to the relationship between objectivity and subjectivity, between analysis of the real economy and its corresponding financial system, on the one hand, and the change in the “semantics of risk,” on the other. The social distribution of risk orientation, the addiction to risk of a monetary economy in which “growth without inflation” compels the diversion of capital directly to exchange-listed companies, makes it more and more difficult to distinguish with Luhmann (1996) between risk and danger, system and environment, transaction and observation. Those who expose themselves to the high degree

of risk deriving from their own decision to invest in stocks, according to the sociology of Luhmannian risk, should react in a totally different way to the danger of financial loss resulting from the euphoria of the financial markets and the mimetic logic that sustains it. If this were the case, the maneuvers of the central bank aimed at reducing the dangers of a polluted stock market environment should help to reduce the propensity to risk of individual players in the stock market game.

The problem is that, even wishing to establish a different proportion between real wealth and financial wealth, an increase in interest rates on the part of the central bank doesn't seem to be enough to convince investors to change their minds, to shift their savings to less remunerative but safer securities. In order to establish the relative autonomy of the monetary authorities (that is, the State) the multitude must deploy itself against the *uniquity* of the monetary indicators. In order to "normalize" the markets, to regulate them from the celestial heights of the central authorities, it is necessary to *provoke* a catastrophe, generate a panic such that the behavior of the many becomes uniform, to transform the multitude into a people united by the same logic.

The *crisis of monetary sovereignty*, the inability of the central bank to affect monetary aggregates, does not exhaust the role of the State in its function as the legal money lender "of last resort," but it subsumes it to processes of financial gain, turning monetary policy into a dependent variable of the financial markets. The post-Fordist architecture of the production and exchange of wealth has constructed the *space* of the multitude in *language*. The multitude is the effigy of money, the form of its sovereignty. After having killed the god Pan, the multitude has to learn to protect itself from those momentary gods who, like little gremlins, haunt accidental events.

Scrapping and the General Intellect

On 7 August 2001 the *Financial Times* publishes an article by Richard Tomkins with a title recognized by now around the globe, *No logo*. For months, the book by Naomi Klein has been a world-wide bestseller, but the author is not cited by the newspaper's editorialist, as though the politics of the symbolic were considered a salient characteristic of the protest movement of the "people of Seattle." The aim of the *Financial Times's* analysis is to demonstrate, on the basis of data published by *Business Week*, that the crisis/transformation of the New Economy is much more effective than any black-block protester smashing an ATM machine of some global bank. Of the 74 brands included in the 2000-2001 ratings, 41 have lost value and the overall loss amounts to 5%. Since March 2000, date of the start of the crisis, 49 billion dollars have gone up in smoke. The crash involves not only the icons of digital capitalism, such as Amazon.com, Dell, and Nokia, but also the logos of solid Old Economy companies like Coca-Cola (less 5%), McDonald's (less 9%), Gillette (less 12%), and Nike (less 5%).

In the 1990s, a crisis of symbolic capital (the value of the brand) of this size wasn't even imaginable. After the fall of the Berlin Wall the brands of American multinationals, viewed before then as forbidden fruit, had been under siege by millions of new consumers from the former socialist countries. But in the second half of the 1990s, the love affair with the symbols of global capitalism is showing visible signs of crisis. *Local* brands start doing better than global ones. Consumers and producers prefer the symbols of national businesses. Why sell our national heredity to the *Yankees*? In just a few years the effects of Americanization in the former socialist countries seem to reawaken a certain nationalist

spirit. In 2000, the ten most publicized products in China, including Coca-Cola and Procter & Gamble, had local brands.

In other words, the logo seems bound to be localized. The multinationals are certainly not about to withdraw from emerging markets. Even if, in July, McDonald's decides to close 250 restaurants in emerging countries and Procter & Gamble cuts back on its productive capacity abroad to concentrate on North America, the crisis of the global logo reflects a strategic rethinking similar to the one provoked by "Marlboro's black Friday" in 1993: "in the six years prior to 1993, Nike had gone from a \$750 million company to a \$4 billion one, and Phil Knight's Beaverton, Oregon emerged from the recession with profits 900 percent higher than when it began" (Klein, 1997, p.16). From that moment on, Klein says, the brand becomes a "cultural sponge, able to absorb from the environment and to remodel itself after it," to emancipate itself from the factory and from national borders in order to commodify desires, fantasies, lifestyles, to *capitalize the immaterial*.

The logo crisis of 2001 shows the increasing complexity of mass marketing. According to Martin Henley, president of a London market research company, "people don't want to be seen as 'normal'—everyone wants to be seen as an individual." The *individualization* of symbolic capital, *mass customization*, corresponds to the symbolic regionalization of the global economy. On the one hand, the annual growth in the supply of new products (in the U.S. alone in 2000 some 31,432 new products were launched) is such that symbolic capital is forced to develop "local" distribution strategies. On the other hand, this microphysics of symbolic capital is the result of the *singularization* of the citizen-consumer, of his exodus from an overly collective imagination, from forms of life that are overly global. Paradoxically, the localization/regionalization of

branding signals a crisis of the communitarian imagination. The people of consumers, which in the 1990s was exploited globally by Nike's branding policy, has ended up turning into a multitude of resistances against the spiritualization of life forms.

The "no logo people" has been constituting itself with protest tactics against the privatization of public space, against the symbolic commodification effected by the multinational producers of consumer goods. The protests against the logo and against the world circuit of exploitation of the work force described by Klein have worked as a lever in the global growth of an "antiglobal" movement. For this reason, according to Luisa Muraro, the no logo of the movement refers to a politics "that does not limit itself to the economy nor does it attempt to correct the economy with rights, but it plays on desires and relationships, for a freer more personal way of living and living together." Global symbolic capital, by abandoning the macro level for the micro level of desires and the need for relationships, reveals not so much an (already consumed) awareness of the centrality of the consumer's "communicative-relational action" but rather the search for strategies for commodifying the imagination of the multitude.

The global crisis of the logo, in other words, suggests that it is on the terrain of the *political definition of the body* of the multitude that the future of the protest movement will be played out. What is the symbolic politics of a movement which, by criticizing the capitalistic use of the collective consciousness, has managed to become a global movement? What is the body of this movement which has organized itself and struggled concretely on the symbolic-linguistic level?

In an editorial with the cynically provocative title *Prologo*, which makes fun of the political fragility of the economic analyses

of the *Financial Times* and of Naomi Klein, *The Economist* shows that it has a perfectly clear idea of what's at stake (8 September 2001). The logo is *power*, of the consumer and the producer, a power based on trust, fidelity, the loyalty of the consumer that capitalist businesses must conquer *by working* hard on the linguistic-communicative level. The power of the logo has literally *constituted* the space of the global economy, bringing manufactured commodities to unknown lands and so making them *known* to the wage laborers of the most developed economies. That is why, writes *The Economist*, with more than a little irony, *the protest against the logo* has allowed the antiglobalization protest movement to become known all over the world. As though to say that the power of the logo consists in its establishing a symmetrical—or worse *dialectical*—relationship between logo and no logo, between the power of capital and “globalization from below,” between the *use value* of commodities and the living body of the movement (a problem about which Klein is politically aware and which looms in the background throughout the 500 pages of *No Logo*).

The limits of the antiglobal movement are, therefore, political, in the sense that, in trying to expand on the terrain of the symbolic politics of power, it has come up against the limits of its analysis of the workings of global capitalism. The global dimension of the antiglobal movement thus risks reducing itself to a protest movement, a movement that is by definition a minority movement precisely when it reaches its maximum degree of worldwide visibility, with its leaders caught up in a decidedly vacuous logic of negotiation. The wave of opening up (of the IMF, the WTO, national governments, the *Financial Times*, *The Economist*), the attempt to dialogue with the movement gets all tied up inside itself. *After* the G8 meeting in Genoa, the package of measures agreed

upon by the IMF and the Argentine government, with the clauses (“democratically” proposed to the IMF by the Minister for the Economy Carvallo himself!) on *zero public deficit* and the transfer of tax revenues to local authorities, is *even more liberalist* than all of the “structural adjustment” measures imposed by the IMF on Asian or Latin American countries *before* the meeting in Genoa.

Our analysis of the genesis of the crisis of the New Economy allows us to identify the specific difference between capitalist globalization and the global protest movement. As we have tried to demonstrate, the New Economy has this peculiar element: it is a mode of production imbued with communication, by the *productive force* of language, both in the directly productive sphere of commodities and in the monetary and financial sphere. Therefore, it is within the linguistic coordinates of the New Economy’s production and distribution that we must look for the contradictions and the forms of social conflict.

We have seen how the *attention economy* is the result of the growth rate of technological devices for information access and the need to accompany the supply of goods and services with devices that capture the attention of consumers. On the supply side, the New Economy is characterized by *increasing returns* by virtue of the intangibility and reproducibility of its capital goods (the infinite possibilities for cloning software, for example). On the side of demand for goods and services, however, attention (its allocation) has *decreasing returns*, because attention is a highly perishable and scarce commodity.

By attempting to overcome the resistance and the protest against Fordist-Taylorist work with management techniques for the “transfer of autonomy” and “personalization of work,” the New Economy has given rise to reflective, cognitive, and communicative

work, the *living* labor of the *general intellect*, centered on the linguistic cooperation of men and women, on the productive circulation of concepts and logical schemes inseparable from the living interaction of people. This transfer of autonomy and responsibility has led to an increase in the time dedicated to work and a reduction in the amount of attention time necessary to absorb the total supply of informational goods.

The *crisis of disproportion* between attention supply and demand is structural, given that this gap, besides being human, is *monetary* in nature. If in order to command attention it is necessary to invest increasingly more money (in addition to holding the intellectual property rights), in order to sell/realize the supply after eliminating the competition, it is necessary that, on the demand side, the side of the consumption of attention, there is sufficient disposable income to purchase the informational goods supplied by the market. But in the *attention economy*, income, instead of increasing, *diminishes* in direct proportion to the increase in the amount of time dedicated to work.

The disproportion between the supply of information and the demand for attention is a *capitalistic* contradiction, an internal contradiction of the value form, of its being simultaneously commodity and money, a commodity increasingly accompanied by information (necessary to carving out a market niche) and money-income increasingly distributed in such a way as to not increase effective demand. The financialization of the 1990s generated additional incomes but, beyond distributing them unequally, it created them by *destroying* occupational stability and salary regularity, thus helping to exacerbate the attention deficit of worker-consumers by forcing them to devote more attention to the search for work than to the consumption of intangible goods and services.

The condition imposed by the financial markets for the creation of financial gains has in fact been the promotion of *downsizing*, *reengineering*, *outsourcing*, and *mergers and acquisitions*, which have made the work force less secure by allocating more attention to the risk of losing exchange value than to the loss of use value of the work force. In the post-Fordist factory, the capital necessary to the production of informational goods has been subtracted from the remuneration of the qualities put to work by the work force. It has not been taken into account that the work force is not only a producer but a consumer of attention, not only salary cost but also income.

In the columns of the *Financial Times*, Dan Roberts asks himself what happened, how is it possible that intelligent people have got it so clamorously wrong. But the New Economy is not a historical oversight. Quite the contrary, it is the result of the determination with which capital has destroyed the Fordist factory, of the vampirization of cognitive labor. Capital has symbolically colonized public space and has symmetrically put to work the skills, know-how, knowledge, passion, affections, capacity to relate and to communicate of the work force.

The crisis of the New Economy has this peculiarity: scrapping electronic equipment does not destroy the knowledge that is incorporated in it. Today the *general intellect* is made up of *living* knowledge, of the capacity for cooperation which *remains in the body* of the multitude, even after all of the fixed capital has been disassembled in order to salvage some parts of it to sell on the used equipment market. Just as tomatoes were once destroyed in order to keep the price up and to reduce the wages of the work force, today the instruments of social communication are scrapped in order to devalue the body of the *general intellect*.

After the crisis, capital will again be forced to pursue the *general intellect*, its mobile body distributed throughout the entire planet. But in the meantime, in the time that remains before the capitalistic exit from the crisis, this multiple body has the chance to learn how to take care of itself, how to live well inside the temporal space that separates it from the euphoric irrationality of capital.

War and the Business Cycle

As I'm writing this, exactly six months after the September 11th terrorist attack on the twin towers and the Pentagon, all of the technical indicators are showing that the recession is over. If it really is over it will have been the shortest recession in the last fifty years. Nevertheless, it is not yet possible to tell if the recovery will be, as in the past, immediately followed by a relapse (giving the cycle the shape of a W), or if it will be a lasting recovery (in which case the cycle would have a V shape).

"The American economy has truly changed," says *Business Week*, with regard to this "surprisingly mild" recession (*The Surprise Economy*, 18 March 2002). Curiously, the analyses announcing the end of the crisis of the New Economy no longer take into consideration the fact that since September 11th there has been a war going on whose effects on the economy, though not immediately perceptible, must still be factored into the overall redefinition of the mid-to-long term macroeconomic and political context.

Yet, immediately following the terrorist attack there were a lot of observers who thought that, after years of private sector dominance over the public sector, the economy had to be restimulated with Keynesian type policies in sectors such as defense, airlines and insurance (two business sectors especially damaged by the attack),