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Financial delusions and the persistence of capital

Fabio Vighi
Cardiff University, UK

The dominant view among critics of today's debt-based and increasingly volatile economy is that, at some point in the seventies or eighties, capitalism took the wrong turn, falling victim to greed and corruption. This view, a familiar narrative in a world that loves to personalise guilt, is flawed. It assumes that our finance-driven system is the fraudulent version of a fundamentally rational mode of production. As I have argued in a recent book, capitalist society is no longer able to reproduce itself through the value extracted from labour (Vighi, 2022). Increasingly and overtly, capitalism is driven by leveraged, speculative returns on financial assets. While it is delusional to believe that value can be produced through securitisation ad infinitum, to imagine that we should look to a putative 'real economy' to ignite a new growth cycle only means we are willing to be fooled twice. The financial demon is nothing but an expression of the inner demons of capitalism as such.

The current slow-motion collapse of globalised capitalism is, at its core, a terminal crisis of the exploitation of labour. Today, at the dawn of the Fourth Industrial Revolution, the destruction of the substance of value (productive wage-labour) is not only irreversible, but also supplemented by new forms of authoritarianism aimed at controlling the unemployed masses. Neoliberal capitalism is gradually morphing into a fully digitised, neo-feudal type of capitalist seigniorage where a small financial aristocracy rules over the immiserated plebs.

More labour continues to be eliminated than reabsorbed, driving yet more capital into the financial sector. This in turn feeds growing volatility in the global debt market, the pulsating heart of the financial perpetual-motion machine. Whenever the bond market experiences a sell-off, the central bank steps in to buy the unloved debt. Fresh liquidity may restore confidence but the beneficial effect is increasingly short-lived, as more cash is needed to prevent the credit-doped asset bubbles from bursting. After decades of expansive monetary policies feeding the system's liquidity addiction, inflation is now structural. Any interest rate hike or Quantitative Tightening of monetary policy is hostage to the opposite necessity: the need to continue monetising public and private debt (as demonstrated by the recent collapse of Silicon Valley Bank). Either money is devalued as a general equivalent (inflation) or currency debasement takes the form of a market crash and/or violent recession (deflation). Unlike in the past, however, today both options come with the added bonus of system breakdown, which

Corresponding author:
Fabio Vighi, School of Modern Languages, Cardiff University, 2.05, 66A Park Place, Cathays, Cardiff, CF10 3AS, UK. Email: vighif@cardiff.ac.uk. https://doi.org/10.2218/finsoc.8099

manifests as the conspicuous absence of a new growth cycle. The ongoing devaluation of the money-form of value ushers in the catastrophe of the 'work society'.

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Today's credit binge and financial overdose are not simply destructive revenants of a more stable, rational, and wholesome socioeconomic structure. They capture the essence of the capitalist social relation insofar as it has grown increasingly incapable of profiting from wage labour. While financialisation originates in the same ontology of self-valorisation that qualified capitalism from its inception, it is also a symptom of the latter's exhaustion and impotence. When 'money that makes *money* work' (finance) severs its ties with 'money that makes *people* work', the result can only be a drastic devaluation of existing capital with breakdown potential.

It makes little sense to continue to indulge in the illusory narrative according to which, due to its immoderate and parasitic voraciousness, casino capitalism has perverted a healthy economic dynamism. This is a nostalgic tale that distorts the object it longingly evokes. The post-war boom itself was in large part financed by state credit, as fiscal revenues alone were already insufficient to cover the costs of social spending. Simulated speculative growth, then, was already inscribed in the model of economic expansion that characterised post-war industrialised capitalism, which is often wistfully conjured up as a still viable alternative to financial degeneration.

What we tend to disavow when we blame the financial sector for the fragility of our condition is that the 'real economy' (the internal driver of consumer capitalism) is already dead, although its spectre still circulates. The authority exercised today by the financial industry, then, confronts us with the nakedness of capital itself, which is no longer clouded in the modern architecture of liberal-democracy supporting the utopia of full employment and mass consumption. The critique of the financial monster, in other words, more often than not speaks for our symptomatic, nostalgic attachment to the implosive capitalist regime itself. Such is the strength of capitalism as a mode of enjoyment: it enjoins us to stick with a socioeconomic narrative that has made itself obsolete.

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In order to understand the logic of finance, we must place it within the fold of the original mode of production. What finance reveals is the elementary form through which political economy acquires social effectivity in the modern world. To use Marx's well-known formulas, M-M' (where money magically begets money) exposes the elementary ruse of M-C-M' (where the labour commodity works as the precondition for capitalist accumulation). Value-producing labour is the main ingredient in the narrative that made capital possible by socialising it. Modernity itself can be thought of as a mode of social regimentation based on the spurious quantification and exchangeability of labour-power. Differently put, the positivistic belief in computable labour-time is the modern invention that defines *homo economicus*. Work counts, for capital, only when it can be counted. It counts only when it is fragmented, compartmentalised, and bought (or sold) as a strictly speaking fictitious unit of labour-time, from which surplus-labour, and thus surplus-value, is extracted.

As a socio-symbolic discourse, capitalism requires us to believe in wage labour as the naturalised substance of our lives. Crucially, this also means that M-M' – "the incomprehensible form of capital, the most extreme inversion and materialisation of production relations" (Marx, 1972: 455) – reveals the truth of capital itself insofar as it is

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already at work in its original formula, M-C-M'. What then the critique of finance needs to tackle is contemporary capitalism's growing inability to hide its *original* ruse. With an economy now permanently driven by the self-reflexive logic of speculation, capital emerges *for what it always-already was*: the blind and anonymous accumulation of its fetish-signs. As its social mask drops, we have a chance to observe profit-making in its simplest form. With the ongoing abolition of productive labour, capital unwittingly calls its own bluff and reveals its original purpose: the fanatical passion for self-valorisation.

Rather than lamenting the loss of earlier forms of capitalist socialisation, which were always conditional on exploitative valorisation, perhaps we ought to think the decomposition of the 'work society' as the only chance we have to establish new battle-lines against the global dominance of capital. Traditional working-class identities are not coming back, and the phoenix of social struggle can only emerge from the ashes of labour.

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As the forward-escape route for a model of socioeconomic reproduction that has reached its internal limit, financialisation has not only provided capitalism with a new lease on life; it has also inaugurated a new ideological front after clearing the political scene of the antagonism between labour and capital. On the one hand, a new type of global authoritarian governance is in the making, whose aim is to manage the implosive trajectory of 'crisis capitalism'. On the other hand, the critique of globalisation risks taking the form of a populist rhetoric that remains fixated on denouncing financial greed without problematising the value-creation impasse.

By assigning blame to discrete subjects, populist movements postpone the confrontation with the internal cause of systemic failure. If capital is increasingly financialised, this shift in its make-up is only superficially rooted in subjective greed and moral degeneration. Rather, it is the inevitable outcome of capital's effort to overcome its internal barrier. The antagonism between nationalist populism and finance-driven globalisation is false, since it fails to intercept the presupposition upon which capitalist totality is built. We should not forget that, as a rule, populism relies on blaming an external enemy for systemic failure. It is the political construction of this enemy that supports the mythology of 'the people' as a cohesive social body, whose identity depends precisely on the removal of the enemy.

More precisely, populism tends to displace social antagonism by externalising guilt onto either the greed of the financial elite or the laziness of immigrants, both of which are regarded as bearers of a particular type of corruption. Thus, the populist disavowal of value-production engenders distinct forms of discrimination (racist, anti-Semitic, and so on). If there is a leftist concern with social rights in populism, it needs to politicise the structural obsolescence of the valorisation fetish – a mission that the political left has woefully neglected. Traditionally, left-wing workers' movements were unable to tackle head-on the Marxian concern with value production, opting instead to place all their stakes on wealth distribution, as if economic value were an eternal category. This fatal misrecognition is responsible for the left's by-now consolidated blindness towards the plight of ever-increasing masses of 'workers without work'.

With economic collapse looming large, it is possible that the increasingly frustrated advocates of 'productivity and competition' will keep on venting their anger on the global financial aristocracy, while also blaming the 'unproductive'. This could mean that resistance to the global and systemic implosion of capitalism will continue to take the distorted form of nationalist chauvinism. To avoid this dangerous scenario, we must find the courage to antagonise not only the managers of the financial Ponzi scheme, but also the broken engine of the capitalist machine itself. In fact, we seem to have only one real choice: either we begin to emancipate from the commodity, value, and money forms, and thus from capital as a totality of social relations, or we will be pulled into a new dark age of violence and regression.

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