

Linguistics of the Market

Capital and Language: From the New Economy to the War Economy by Christian Marazzi. Los Angeles: Semiotext(e), 2008, pp. 180, ISBN-13: 978-1-58435-067-5, Pbk. £11.95.

By Barry Marshall

Capital and Language is the first book to be published in English of Italian economist Christian Marazzi. It is based around an account of the dot com crash of 2001, but Marazzi uses the discussion of the burst bubble to add what the author clearly thinks are new dimensions to Marxist political economy, based in large part on the Italian post-Fordist school. But in so doing, while offering a thorough account of the new economy, the author repeats some of the flaws of that approach.

Marazzi claims that language is now itself central to the functioning and crises of the contemporary capitalist economy, and in particular to that rather nebulous concept of 'financialisation'. Finance is characterised by and functions through linguistic communication; the newly dominant forms of labour under late capitalism – such as service sector and information technology jobs – are produced through language and means analogous to linguistic performance; and both finance and financialisation function as new forms of capitalist control.

The first part of the book is a discussion of this linguistic dimension of the financial markets. Marazzi takes his cue from J. M. Keynes, who wrote that markets not only depend on collective behaviour but are also propelled by it. What this means, especially in the case of financial markets, is that the price-level is determined by a self-fulfilling prophecy based on the shared hunches of market participants. The final share price has nothing to do with the real economic value of the asset, which instead rests on what other people have communicated about that asset. Moreover, 'modalities of communication' count for more than what is communicated (pp. 22-23), as is illustrated by the phenomenon of 'momentum financing'. This is when market participants attempt to second-guess the market by purchasing rising shares, thereby contributing to the rising prices and helping to bring about the change from which they are seeking to profit. For Marazzi, the process of language and communication in financial markets "institutes collective wisdom as the reference norm" (p. 25), and speculative behaviour, because it is self-referential, becomes a 'creative force' (pp. 26-7). But for Marazzi this is just as crucial

in the crash that inevitably follows the boom: “it is immediately applicable to the crisis of the financial markets as a crisis of the *overproduction of self-referentiality*” (p. 35) Much of this is convincing, but it must be asked how much, if anything, it really adds to the work of Keynes, who prefigured the problem as one of a ‘beauty contest’.

Still, language as a creative force, for Marazzi, finds a parallel in Marx's concept of the ‘general intellect’. For Marx, the general intellect referred to the social power of science and knowledge. “Nature builds no machines”, he wrote in his *Grundrisse* – “these are the products of human industry” (1973, pp. 705 ff.). Machines, which in this context Marx termed ‘fixed capital’, are “the organs of the human brain, created by the human hand; the power of knowledge, objectified” (ibid.). Marazzi sees the financial markets as products of the social powers of the general intellect made manifest in linguistic performance. In so doing, he goes beyond Marx:

The term [general intellect] applies to widespread knowledge historically determined by the development of productive forces of scientific knowledge, but with a difference with respect to what Marx wrote in the *Grundrisse*, which is that knowledge is no longer crystallised in machines, but is nurtured only by living labour. (p. 93)

For Marx the general intellect referred to the scientific knowledge of society that had itself become a force of production. The development of science led to more efficient and powerful machines, it revolutionised labour processes and led to the production of new commodities. But in Marazzi's view, the general intellect *is* fixed capital itself. People, as linguistic agents, are now because of their very speech, part of the movement of financial markets themselves.

However, all this rests on a misunderstanding. Marx wrote that the development of machinery showed that the productive forces in society relied on the general intellect. The deployment of fixed capital in machines shows how the general intellect itself has developed. It is easy to see where some confusion might arise from, as Marx's concepts of fixed and circulating capital, the component parts of constant capital, were not as developed in the *Grundrisse* as in *Capital Volumes I-III*. Fixed capital, such as machinery or improved agricultural land, is that portion of constant capital that transfers its value bit-by-bit into the product as it depreciates. Circulating capital, such as energy or raw materials, transfers its whole value into the finished commodity. It is therefore difficult to see how the general intellect can be fixed capital because it does not have a value (in the Marxian sense) to transfer into the product. Language cannot be condensed into fixed capital.

Nevertheless, Marazzi, like his Italian autonomist comrades, argues that general intellect as fixed capital means that it is now harder to locate where value is

produced. Labour-time is no longer the measure of value, he argues (p. 43), and capitalism now operates more as a system of social control, having gone beyond its former Fordist mode of production. Value has become immeasurable because the general intellect as fixed capital is itself immeasurable: it is difficult to measure the contribution of language. But this is again a misinterpretation of the *Grundrisse*. In that famous passage on machines from which the Italian post-Fordists like to draw inspiration, Marx writes of a time in which, because of the development of productive forces, labour-time ceases to be a measure of wealth. But he is talking about communism, not the fantasy that capital can escape its dependence on living labour. Indeed, a few lines above it Marx is refiguring his later thesis about prices of production when he writes that '[capital] calls to life all the powers of science and nature, as of social combination of wealth independent (relatively) of the labour time employed in it'. So while a small living labour input can set in motion a huge volume of capital, this is only relative and depends on a parallel worldwide increase in labour-intensive industries, as we have indeed seen over the past several decades. The viewpoint of the weightless economy, which this book largely uncritically swallows, misses this entirely. 'The New Economy as convention is language itself, language as means of production and circulation of goods', Marazzi writes (p. 48). But he is getting carried away. All labour processes must involve language and communication for them even to be possible. The exercise of labour-power, which is remunerated as variable capital, must involve speech. But by Marazzi's reasoning, even though the general intellect is not waged labour, labour-power could be both constant and variable capital at the same time.

When so much of the book hinges upon a misinterpretation such as this, it makes much of the rest of the story less compelling, even if Marazzi manages to make some telling points about the conventions of the markets. Marazzi is useful, for instance, in showing how the New York City funding crisis of the 1970s was instrumental in undermining workers' collective security through the reduction in public services and the tying of workers into the stock market via pension fund investments. But if language or the general intellect cannot be fixed capital, then there is no need for a special linguistic theory of the capital markets or indeed of capital itself.

Reference:

Marx, K., 1973. *Grundrisse: Outlines of a Critique of Political Economy* (trans, Martin Nicolaus). London: Penguin.