

Money and Capital as Commons

None are more hopelessly enslaved than those who falsely believe themselves to be free.

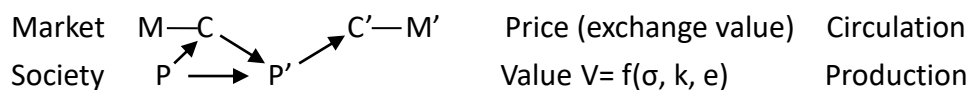
—Goethe

[A Draft]

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Key points

In this essay I endeavour to expand Marx's theory of value to establish a general theory of commons value which accommodates the ideas of commons and eco-critique. I take cooperation as the fundamental fabric of sociality. Social cooperation (commons-making), knowledge (information-commons) and eco-system (despite classical economics) should be identified as the sources of value and value creation. Much difficulty and confusion lie at the duality of value-form. People misread Marx because they fail to grasp the dynamics(dialectic) in this duality. Value should be contextualized and mapped on a whole for its manifestation. The dichotomy of value and exchange value is describing two different value-forms mapped respectively on two levels of the whole: society and market (which in turn is embedded in society as a whole). Marx's diagram of capital movement can be expanded as follows:



$V = f(\sigma, k, e)$ is the value function, where σ =cooperative effort, k =knowledge, e =ecological impact

Market and enterprise are two different social institutions. As an agent of market, enterprise itself is hierarchal and non-democratic. Much confusion would arise conflating them. Value is created through social cooperation and added to social wealth as a whole. Nonetheless, profit has to be realized in market through price mechanism. This back-and-forth shift between market and society in capital movement is the root of confusion in understanding the dynamics between value and price. People often mistakenly conflate the two forms trying to understand economic phenomenon.

Another confusion arises from misunderstanding the role of money. Orthodox economics falsely represents money by barter trade model, where it merely acts as medium of exchange. Money in modern economy is not merely medium of exchange (as well as unit of value measure, means of settlement and storage of value, etc). Money is the right to claim a portion of wealth from society. Monetary system is the social institution of wealth distribution in modern society. Currency is a system by which this right is distributed by different quantity among social agents. All glimmering substances and dizzying forms it assumes merely function as carrier of

this abstract right. Therefore, money is always a power phenomenon.

Capitalism is different from previous societies where the fruits of social production were directly taken away from the producers by elites based on various institutional or pre-institutional arrangements. The expropriation and deprivation was very clear. The confrontation and antagonism was obvious. In capitalism, however, the appropriation is conducted with much greater subtlety. Now the crux of the game is the distribution of the right to claim wealth instead of direct expropriation. This minor change is a stroke of genius and has enormous veiling effect on social antagonism, concealing money and capital as a form of power. Now the game is seen as free, open and equal competition for wealth.

As a special form of money, capital is the right to mobilize resources and people into economic organization, with the aim of getting a greater portion of command in the process. Understanding money and capital as abstract but quantifiable right can help us to demystify our age of sanctified right in which ideologues are deliberately blind to the very obvious paradox: everybody has equal right, but our right to claim and command are disproportionally unequal.

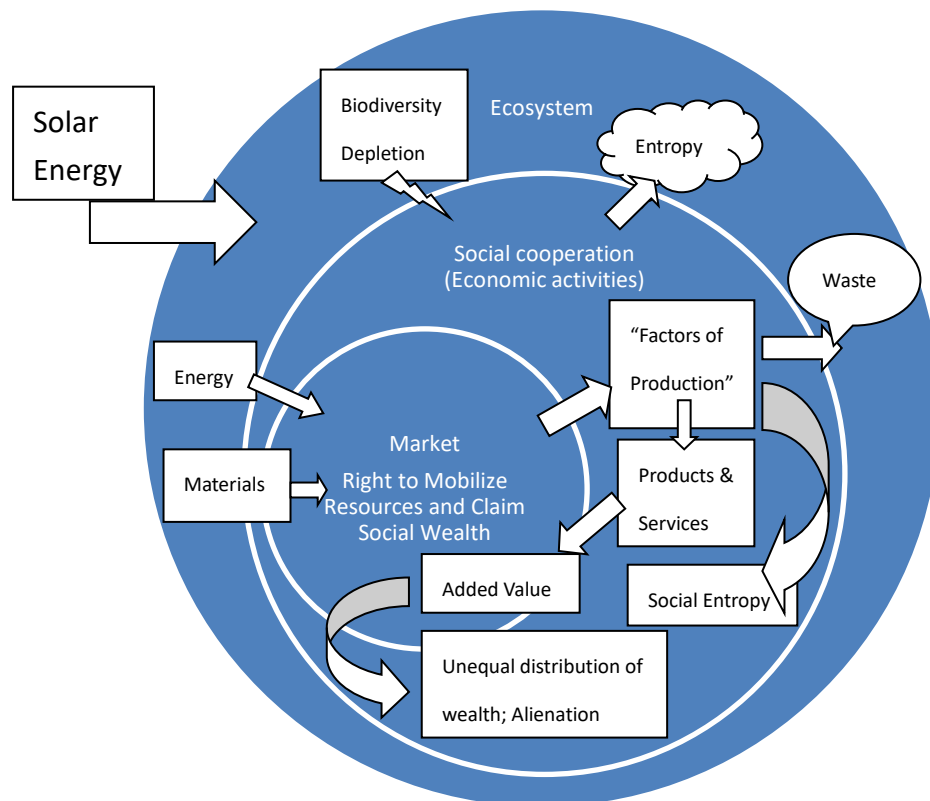
Then we have the problem of what is the source of money, where commodity theory of money runs into short-circuit. In modern economic system, credit creation is the core of economic activities. Any monetary theory failing to put credit creation in the core of economic system would risk being charlatan economics. Credit creation is an institutional power to create credit (i.e. the right to claim wealth from society), out of...nowhere. Debt (the product of credit creation) represents a portion of right devoid of substantial value in itself when it is first generated. Then the debtor got to engage in economic activities, striving to create added value to endorse this empty sign of right with real value. Furthermore, debt bears interest. Not only does the debtor have to create value to substantiate the debt with value, he or she has to create greater value it represents to pay interest. Apart from the fundamental social antagonism of uneven distribution of wealth and power, interest-bearing credit creation is the source of unavoidable instability inherent in modern capitalism, especially financial capitalism.

Moreover, the next question is: why do credit-creating institutions have the right to create right (credit)? The answer is obvious: by power arrangement. Financial institutions are endorsed with the power by political regimes to create credit out of (almost) nothing. Orthodox ideologues argue it is the best arrangement available. But the crisis of 2008 makes us suspicious about it.

The power of capital and credit-creating institutions lies at the fact that in complex society (where capitalism is the apex) people are systematically deprived of the power (the means and knowledge) to organize themselves by cooperation.

People do not have the vision to devise ways to create credit among themselves. It is a matter of lack of trust among atomized members in complex society where elites monopolize the process of credit/trust-building and therefore social cooperation, which is the foundation of their disproportional appropriation of power and wealth. In a word, we should see money and capital as a special form of commons, which I call inverse commons.

Based on the above fundamentals, we may take a further step to conceptualize a bioentropic model of economy:



The essay ends with brief discussions on various contemporary issues

1. Global Eco-deadlock : Top Elites indifferent to Ecological Crisis
2. Commercialization of Social Commons
3. Super Financial Capitalism: Two Poles of the Global Debt Empire
4. From Exploitation to Expulsion: the implication of universal automation
5. Return to Use Value or Expanding Interactive Value?

As conclusion, I present my vision of Historical Project X.

A few forewords: I do not intend to write a theoretical or academic essay. Here I just want to tell or re-tell a fundamental story about human society. We, the self-proclaimed progressive intellectuals, often neglect the art of story-telling. The power of main stream orthodoxy to a great extent owes to the story they keep telling: simple, straightforward, whimsical after a second thought, yet captivating, a little comfort to distract listeners from the trauma of

irreducible social antagonism. On our side, the social real therefore becomes so intensely covered that in order to tell another story, we have to cut through dense branches and foliage, orthodox narrative as the imaginary. Not an easy task to tell a simple yet captivating alternative story. We have much to learn from our opponents. Milton Friedman once said that “only a crisis—actual or perceived—produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable.”¹ Of course, they have power-elites on their side. We have the majority who for millennia look upward to and react passively (sometimes retrogressively and violently) to the elites. Beyond bad *ressentiment*, how to create a proactive majority? Concrete alternative social and political agenda is urgently needed nowadays. However, no agenda is feasible without first changing how we conceive of society, history, the world and ourselves.

[Main Text]

Our reflection on financial capitalism is to ponder money/finance as a form of power², which is the core of contemporary power regime and the most well hidden form. Whoever uses, holds and pursues money would consider himself/herself as a free agent. The power of money/finance as an ideology lies on the illusion of freedom it carries: whoever owns money has the freedom to satisfy his or her desires and therefore in return accepts willingly being controlled by it. Here lies the very power of capital and finance. The greatest enslavement is built upon the illusion of absolute freedom.

The credibility of this illusion owes to the misconception of what money is. The ambiguity of the essence of money in western thoughts has been contributing to the concealment of it as a form of power. Human beings have long been puzzled by the nature of money. In *Nicomachean Ethics*, Aristotle discussed the problem of how things with different utilities (or different extent of usefulness) could exchange for each other. He proposed the notion of money as social convention to facilitate exchange and became the first economic theorist in the West. Some 2200 years later, Adam Smith further conceptualizes the duality of use value and exchange value. For them, money is merely a measure and medium of exchange. Here is the transparency hypothesis of money in modern economic theory. For many neo-classical monetary theorists, money acts like a veil. Taking away the veil, one can see nothing other than

¹ Quoted in Naomi Klein, *The Shock Doctrine*. p6.

² By the power of money I am not referring to the morals of money unleashing greed and ensnaring people in endless pursuit of desires. Here I explore how money as a concrete regime functioning to fabricate the very mode of existence in capitalist society.

the bare exchange of goods and services in action.³ In other words, money is supposed to be neutral. Only too much or too little supply of it would cause problem in the smooth exchange of goods and services.

This deceptive neutrality of money has contributed much to the power mechanism of money and capital. Even rigorous critique of capitalism has often not developed a sophisticated enough theory of money. To begin with, it may be beneficial to return to one of the most rigorous critics of capitalism.

Revisiting Marx's theory of value

It is well-known that Marx commences *Das Kapital* with a painstaking analysis of value and value form. Marx's theory of value is so complicate and somehow difficult to grasp that many critics attack its validity and even denigrate it as philosophical mambo jumbo. Many leftist theorists also consider Marx's theory of value outmoded. Some Marxian economists regard it as not necessary and suggest replacing it with monetary theory of value, which they believe would not affect Marx's general critique of capitalism. Put simply, they argue that, against Marx's clear objection, the value of a commodity can actually be represented as its price in exchange.

Here we do not have space to give a detailed discussion on the problem. Nevertheless I do not think that Marx's analysis in the first part of *Das Kapital* volume one is merely futile philosophical sleight of hand. The misunderstanding of Marx's theory of value often owes to the readers missing what kind of work *Das Kapital* really is. Of course, it is a critique of political economy. But what is a critique? Although Marx always regards it as a "science" and uses a lot of scientific metaphors, it is not like physics and chemistry which study objective reality seemingly from the perspective of a transcendently omniscient mind. Instead, it begins with how the capitalist mode of production "appears". Marx notes, " '[t]he commodity.' That is what I analyse, and I analyse it initially in the form in which it *appears*." (italics added) (Marginal Notes on Wagner) Hence we have the famous opening lines in *Das Kapital*:

The wealth of those societies in which the capitalist mode of production prevails, appears [erscheint] as "an immense" accumulation of commodities," its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity.

A similar sentence has already appeared in the *Critique of Political Economy* (1859):

The wealth of bourgeois society, at first sight [auf den ersten Blick], appears

³ "Real analysis operates on the assumption that all the important features of the economic process can be understood in terms of the barter exchange of real goods and services, and their cooperation in production." John N. Smithin ed., *What is Money*. Routledge, 2000:2.

[erscheint] as an immense accumulation of commodities, its unit being a single commodity. Every commodity, however, has a twofold aspect -- use-value and exchange-value.

"At first glance". Whose glance? "Wealth appears (erscheint) as". To whom? To the agents involved in capitalist mode of production, agents with limited perspective, whose concepts are shaped and altered in the social process. That's why Marx considers himself as Hegel's disciple. It is because reality or object can only appear in the intentionality of subject determinate in existence. In a word, *Das Kapital*, at least the part one of volume one, is a phenomenology of capitalist mode of production. However, it is not about the self-development of concepts or categories through an absolute spirit. Rather, it is to "explain the development of concepts by the 'real individuals' (as Marx puts it in *The German Ideology*) whose activity constitutes the history of society."⁴ Marx's analysis of capitalist mode of production is always about how it appears to the agents of capitalist production.⁵ The concepts and activities of the agents, not some mysterious transcendental law (like demand-supply), constitute the capitalist system. Therefore value-form is a phenomenal form, that is to say, form that presents itself in an agent's mind, shaping her or his subjectivity, and in turn, by regulating the agent's activity, takes effect in the world. Marx is not content with just studying the object. He wants to disclose the dynamics [or dialectics] between "subject" and "object". Hence the famous dictum: "The philosophers have only interpreted the world in various ways. However, the point is to change it."⁶

Therefore, Marx's dialectics in *Das Kapital* is not futile philosophical effort. Without it, we would not discover critical concepts like reification, fetishism and alienation. Marx's dialectics is meant to reveal, somehow meticulously, the intricate relationship between different forms. Commodities, as well as money, are being driven in movement by our concepts and activities. Nevertheless, blind to the social relationship behind them, we believe that they are automotive (self-propelled) in perpetual movement and have mysterious power over us. In contrast to fetishism

⁴ Paul Mattick, Jr. "Marx's Dialectic" in *Marx's Method in Capital* (ed. Fred Moseley). New Jersey: Humanities Press, 1993: 132.

⁵ "The private producer's brain reflects the twofold social character of his labor only in the forms which appear in practical intercourse, in the exchange of products." (volume 1 chapter 1)

⁶ "[The experience of vulgar science] is carried out by a Subject who pretends to be independent of the Object, and it is supposed to reveal the Object which exists independently of the Subject. Now in actual fact the experience is had by a man who lives within Nature and is indissolubly bound to it, but is also opposed to it and wants to transform it: science is born from the desire to transform the World in relation to Man... Scientific experience perturbs the Object because of the active intervention of the Subject, who applies to the Object a *method* of investigation that is his own and to which nothing in the Object itself corresponds. What it reveals, therefore, is neither the Object taken independently of the Subject, nor the Subject taken independently of the Object, but only the result of the interaction of the two or, if you will, that interaction itself." Alexandre Kojève, 'The Dialectic of the Real and the Phenomenological Method in Hegel', *Introduction to the Reading of Hegel*, pp176-7.

one may add the other form of capitalist mystification: magic. A magus believes that he has the power to make natural elements move and transform. Capital, as well as money, is no doubt the magus of modernity. The spell of mystification does not lie at being blind to the substance inside the form. It owes to failing to discern the byzantine interplay between different forms⁷, which is dizzying because value forms are embedded in different layers of whole.

Dialectics between the Whole and the Part

Marx's dialectics is also about the dynamics between the whole and the part. The whole of a complex system is never a simple aggregate of the parts. And one can never understand a part by cutting it from the whole. The form of a part is always a determinate form in the whole.

Bearing this in mind, then we will not succumb to the caricatured reading of Marx's theory of value by his critics. For example, some would ridicule him by reducing it as a substantivist theory. As Marx mentions about the substance of value-form, they would say for him value is a sort of essence (the crystallized abstract social labor) embodied in a commodity, as if Marx is none other than a Ricardian. But we should not forget how Marx brings forth Bailey's critique of Ricardo, which marks the end of classical economics and foresees the beginning of neo-classical economics. He sees the significance of Bailey for discovering value-form though missing value itself. The value of a commodity is determined only in its relation with other commodities as a whole.

Value is manifested only against the whole. In other words, value is always contextualized. That is why Marx is not a substantivist. He emphasizes commodity contains exchange value only in circulation. Take it away from circulation, its exchange value disappears. And we may take a step further. If we strip a product of labor away from its social context, say discarding it to a humanless place, its use value also disappears, not to mention the "crystallized labor" it "carries".

Here is the crux of the difficulty. There are in fact two layers of whole, one greater than the other: the society and market. Market is a lesser whole embedded into the society. Or put in other way, market as the network of commodity exchange is a partial whole in the greater whole of society. Only in this context must we grasp the dichotomy of value and value form. Therefore Marx is neither substantivist nor formalist (like neo-classicalist). On the one side, classical economists believe that

⁷ "Hence the magic of money. In the form of society now under consideration, the behaviour of men in the social process of production is purely atomic. Hence their relations to each other in production assume a material character independent of their control and conscious individual action. These facts manifest themselves at first by products as a general rule taking the form of commodities." (vol. 1 chapter 2)

there is a substance as essence within the value-form, thus putting them in equivalence. On the other side, neo-classicalists claim that market is the only effective economic reality, thus cancelling out society. An entity's value is the price it can be sold in market. Hence price is value, value is price. Nothing less, nothing more. Instead, Marx insists the contextuality of form, i.e. form must be contextualized in a whole. And most importantly, he also emphasizes the inter-contextuality of forms. That means there are two levels of whole for value-forms to be contextualized into. And the very complicate dynamics between these two levels of contextuality is the source of all confusion bedazzling people, blocking them from seeing the social reality, the irreducible antagonism of economic regime. In other words, we may say Marx is building a Field Theory of Value.

The very first social reality we must look into is social cooperation as the source of value.

Toward a theory of value of social cooperation⁸

Production is possible only because of social cooperation, no matter in what type of society. It is a general condition in history. However, *Das Kapital* is a specific research on the capitalist mode of production. In commodity production private producers are associated through market. Only with market their products will become commodities and take the form of exchange value.

Then we come up with two most puzzling problems which lead us to take a few steps beyond Marx on the foundation he laid. The first is the quantification of abstract social labor as the measure of commodity value. The second is money as the general form of value.

As Antonio Negri points out:

The definition of the form of value which we find in Karl Marx's Capital is completely internal to what we have called the first phase of the second industrial revolution (the period 1848-1914). But the theory of value, formulated by Ricardo and developed by Marx, is in effect formed in the previous period, the period of "manufacture," during the first industrial revolution. This is the source of the theory's great shortcomings, its ambiguities, its phenomenological holes, and the limited plasticity of its concepts.⁹

On the problem of quantification of abstract social labor, Marx has actually

⁸ To begin with we limit ourselves to the category of value loosely understood as economic value. In the broadest sense, value is about the degree of importance. Factors like eco-system and fresh water are actually the most valuable things to human beings. But our value system fails to make them explicit and visible because of our take-it-for-granted attitude. Otherwise, these indispensable elements are falsely valued according to economic categories. To make discussion easier, realms like ecological, ethical or cultural values are temporarily put aside. However, needless to say, economic value is highly related to these realms.

⁹ 'Theses on Marx Thesis 5' <http://www.generation-online.org/p/fpnegri8.htm>

formulated it with good reason. The rise of industrial mass production also marked the emergence of unified and homogeneous social temporality. Foucault has elaborated it in *Discipline and Punish*. Factory mass production requested discipline. Industrial society imposed on various social groups (workers, soldiers, school students, institutionalized and penitentiary inmates, etc) disciplinary regulation by a unified work and rest regime. On a larger scale, modern technologies (such as trains, telegraphs and cartography) and colonial expansion urged modern societies to synchronize chronometers worldwide.¹⁰ In Marx's times, mass production was generally labor-intensive. Labor skills were not very diversified. And labor power was highly regulated by rigid time schedule. Marx is not unreasonable to come up with the idea of a quantifiable social labor as measure of value. Especially, we should not forget that one of the most important social struggles at that era was shortening labor's working hours¹¹. Marx's theory of surplus value served the struggle well at that particular age.

In today's context, it is however undeniable that

...already in the course of the second industrial revolution, and in particular when we find the passage from the [mass] worker to the [professional] worker, essential characteristics of the theory of value begin to fade away. The distinction between "simple labor" and "socially necessary labor" loses every importance (except that of continually stimulating absurd arguments), showing the impossibility of defining the genealogy of socially necessary labor; and most importantly, the distinctions between "productive labor" and "unproductive labor," between "production" and "circulation," between "simple labor" and "complex labor" are all toppled. (Antonio Negri, 'Theses on Marx' Thesis 5)

However, it does not mean that we cannot expand Marx's idea to a general concept of "value" represented by physical or intangible products of human creativity¹². First of all, cooperation is the very fabric of society. Every social product, be it an artefact or a poem, is an embodiment of the accumulation of human creativity bequeathed from making the first stone tool and mumbling the first word. The bequeathing and development of human creativity is possible only with social cooperation. There have existed in history many geniuses with extraordinary creativity. But we have never found one genius who has not harvested his or her creativity on the foundation of previous generations. The perverted idea of an absolute and exclusive intelligent property right is not tenable because it is hard to draw a clear line between individual and collective creativity. Intelligent property

¹⁰ Theory of relativity is a result of this urgent and practical necessity. See: Peter Galison, *Einstein's Clocks, Poincaré's Maps: Empires of Times*. London: Sceptre, 2003.

¹¹ *Das Kapital*, volume 1, chapter 10: The Working-Day.

¹² I am not a Marxist, neither is Marx. But I am on the shoulders of the giant.

right should be limited by the right of social common creativity.

Social creativity and cooperation as source of value

Human creativity can only be harvested through social cooperation. A poet cannot create without education and social cultivation, not to mention language itself is a social creation. A painter cannot create without paints, brushes, paper or canvas as social products, not to mention the whole tradition of arts in which one is cultivated. The dimension of social cooperation as the source of value is systematically excluded from philosophy and economics, with very practical reason I believe. The emergence of the idea of creative individual is somehow convergent with the rise of the cult of capitalist entrepreneurship.¹³

Back to industrial production. It is not a coincidence that Adam Smith starts his inquiry with “division of labor,” which is the other side of the coin of social cooperation. Interestingly, the rise of industrial production actually makes social cooperation even more indispensable. Yet paradoxically, under the notion of increased efficiency, “social division” is highlighted while cooperation is casted under obscurity. Meanwhile, private ownership is sanctified whereas the idea of commons sinks into oblivion. Behind the division of labor and the mystification of money, capital becomes a power form to monopolize organization of production. Under the regime of capitalism, non-capitalists are deprived of the means to organize production. Most importantly, they are made to believe that only those equipped with money or capital are qualified to organize production. Capitalists become the chosen people of Mammon.

Actually, capitalist regime is a continuation of the persistent social asymmetry of power in history. Seen in this perspective, capitalism actually grows out of the soil of feudalism. It is only because capitalism is portrayed as emancipatory that historical rupture is more emphasized than continuity. What we witness was a power shift among different elite classes¹⁴. Indeed, social mobility becomes more fluidic. Apparently people enjoy more freedom. At the same time they are deprived of the power to organize production and of self management. Social cooperation is carefully limited within certain realms. Shed in this light, it is not hard to understand why

¹³ In the age of Renaissance to which the origin of the idea of creative individual is attributed, masters like Raphael and Da Vinci considered themselves as craftsmen rather than artists.

¹⁴ In their struggle for power, the new elites usually had no intention to share their newly gained power and right with lower class. As Francis Fukuyama reminds us for a long period England's parliament concerned itself with the rights of only about 10% of population (*The Origins of Political Order*). John Locke, the arch-bishop of liberalism, makes it very clear that only those with assets and properties should be entitled with democracy. And David Graeber recalls that the political design of the founding fathers of the USA based on Roman model was meant to prevent Athenian radical democracy from setting up in the newly independent republic (*The Democracy Project*).

social existence becoming atomized is desirable by political and economic elites. And intellectual elites come up with a grand narrative to justify it, namely the inevitable rise of modernity. The same old There-Is-No-Alternative story.

It is against this backdrop that we should emphasize the idea of social cooperation as the source of value, not of speculative interest but for making visible cooperation as the very fabrics of sociality.

Rethinking Social Cooperation: Modes of Interaction

Human beings are gregarious animals and naturally apt at cooperation. Any social and political theory that takes atomic individual as theoretical point of departure is simply wrong or defective. It is a sort of retroactive extrapolation based on the juridical person conceptualized by trading. However, we should not instead idealize human gregariousness. Any social project relying on an idealized gregariousness would not help us transcending capitalist mode of existence. We should take two factors into consideration when reflecting on social cooperation. First, human beings are gregarious. However, the extent of gregariousness within a communal body is differential, which is like concentric circles. Different degree of gregariousness comes with different mode of interaction. At the centre, usually concerned with a family or those with whom one has affection, one may give selflessly. This mode of interaction is non-reciprocal (and many often non-conditional) giving which is the foundation of biological continuity of society for hundred thousands of years. But this inner circle of sheer giving is limited in size. Beyond it, we have extended family, clan, friends and community of proximal members. The related mode of interaction is reciprocal gift. Further beyond it, there may be competitive gift-giving. Mauss in *Gift* has revealingly explored the anthropological and social significance of reciprocal gift.

Second, complex society requires special form of mediation in binding sociality. Social fabric takes shape in social interaction. Beyond the “natural” bondage in family, social interaction must be mediated by ideas and institution-like rules. Originated in distant trading from ancient times, market exchange later becomes the dominant mode of social interaction.¹⁵ In many ways, it has profoundly reshaped social relationship.¹⁶ Envisioning mode of existence transcending capitalism does not necessarily imply the abolition of market. Extended community beyond close

¹⁵ Many anthropologists have successfully challenged the theory of market exchange endogenous in natural community. See David Graeber, *Debt: the First Five Thousand Years*.

¹⁶ “The exchange of commodities [...] first begins on the boundaries of such communities, at their points of contact with other similar communities, or with members of the latter. So soon, however, as products once become commodities in the external relations of a community, they also, by reaction, become so in its internal intercourse.” *Das Kapital*, volume 1, chapter 2.

blood-tie requires idea. In ancient world, religion was the idea unifying extended community. Beyond pantheism, primitive settled tribes worshipped common ancestors which were later deified as totem. When tribes were united into a city-state, different totems or ancestor-gods would go into the pantheon. However each city-state usually came up with one chief god even though not the only god. And when these city-states were further unified (often through conquest) into an empire, these gods would find their ways into the theogony. Along with religion, there has also been the idea of race as idea unifying society. And in modern age, we have the idea of nation (Benedict Anderson, *Imagined Community*).

Since the emergence of complex society (city-state may be its first form), market exchange (even though not totally identical to present form) has also contributed to form the connective fabrics of sociality. We are now so accustomed to it that we forget market as an organizing form requires grand ideas no less than religion and nation. Market is never natural occurrence. It requires rigid institutional arrangements in order to exist and function.

Market exchange functions to build trust (limited and carefully demarcated) with community members beyond our acquaintance, with strangers without whom one's subsistence may be affected. It is the dilemma of complex society. People could not trust other non-acquaintances. Nevertheless complex society would not exist without complicate social cooperation. Money as well as capital becomes both the cause and solution to this ambiguity of trust.

What Money is Really About?

Now we may give a proper definition of money. *Money represents the right to claim a portion of wealth created by social cooperation.* The form of commodity money blocks people from seeing it as an abstract right¹⁷. The path leading to modern form of money is a path of its gradually losing material substance. Modern money is almost free of substance, entailing neither use value nor even exchange value in itself. In fact, any money form, as long as it acts as a general form of value, must to a certain extent rely on social contextuality. Take gold the universal commodity money in history in consideration. Its seemingly universal, trans-social and trans-cultural value in fact totally relies on the holder's confidence on the sustainability of human civilization. Its universal acceptance owes to the holder's belief that it will be deemed valuable in whatever society one goes to. If tomorrow is the end of the world, or one is sure that human civilization has totally collapsed, then gold would be as useless and worthless as crap. This seemingly universal substance

¹⁷ Marx's adherence to the theory of commodity money blocks him from developing a modern theory of money, despite his insight in modern credit creation.

of value is in fact nothing more than a general value form sustained by the continuity of civilization. The enduring value of gold in history relies less on its perdurable properties than the durability of civilization in which it is contextualized. Then at the last analysis the value of gold actually merely represents the capacity of social cooperation in creating wealth (value).

Therefore, money is nothing more than the right to claim wealth from society. Currency is a system by which this right is distributed by different quantity among social agents. All glimmering substances and dizzying forms it assumes merely function as carrier of this abstract right. Money's value is underpinned by people's acceptance as means to claim wealth and a society's capacity of generating wealth in which it is contextualized. And we all know that how fragile people's confidence on a currency can be.

Revisiting the Duality of Value

With the above in mind, we can proceed to penetrate the perplexity of value carried by an entity of social creation. Remember value is manifested only in context. It must be contextualized onto a whole. Now most of the confusion in our minds owes to the fact that entities of social creation are mapped onto two layers of the whole.

The fundamental is of course the society as a whole, a communal body fabricated by social cooperation. However, under capitalist mode of existence, i.e. modernity, social agents are so atomized that seemingly they are connected only through exchange. At the surface, mode of exchange seems to be the very constituent of sociality¹⁸. The value of human interaction in turn becomes modelled by commodity exchange.

Let's first analyse the value of a manufactured entity in capitalist mode of production. Any socially created entity is a crystallization of all knowledge being bequeathed through history by social interaction. It can be realized only through social cooperation. Logically and intuitively, the implicit value of a manufactured entity is proportional to how much knowledge is being crystallized to have it realized. Generally speaking, the more knowledge is involved in its realization, the more creativity is crystallized into it, the greater value it may entail¹⁹. Here value is mapped

¹⁸ Some post-Marxists would theorize on mode of exchange as a theoretical alternative to mode of production. Kojin Karatani for example generalizes different modes of exchange to present a general theory of history. See Kojin Karatani, *Structure of World History*.

¹⁹ Here we are referring to a collective category rather than a single item. For example, jet-plane engines and 5-14nm IC chips are arguably two of the most technically sophisticated industrial products so far. They are both essential to today's capitalist mode of existence. In a sense, IC chips are more indispensable being the heart of information technology. However, their affordability is very different. Electronic appliances containing advanced IC chips are affordable to many. However, only

to, or contextualized into a part of the social whole fabricated by cooperation: technology constructed by industrial division. The confusion of economic concept arises from the fact that value-form as expression of economic value, i.e. price, is mapped to another part of the social whole: general system of economic exchange. It is because modern industrial production is highly divided and only connected, therefore rendered possible by economic exchange. Most importantly, industrial production is organized through capital and the value-form it creates must follow the logic of money as general value-form.

It is this double mapping that causes much confusion in the disparity between (not easily quantifiable) value-form as expression of crystallized social creativity and value-form as price. (The former refers to Marx's value. However, to avoid substantivist interpretation, I emphasize it as another value-form mapped onto the greater social whole.) Actually, neo-classical theory of utility makes some sense only if market is severed or de-contextualized from the organic whole of the society, as if commodities are popping up from nowhere into exchange, as if every moment before adding the last unit the market is already at perfect equilibrium. And neo-classical economists are very apt at this sort of conceptual sleight of hand. Now value of anything is nothing more or less than its price at transaction determined by equilibrium of demand and supply dictated by marginal utility²⁰, which in the last analysis means subjective desirability. Or they do it the other way round. For them, society is fabricated only by economic exchange. Sociality is nothing more than commodity exchangeability. Society is reduced to none other than the hustle bustle of market place. Neo-classicalists see market (or price) behaviour in every social realm. They present a highly whimsical and caricatured picture of society and claim to give a general theory of (price) behaviour.

Fanciful as orthodox economics is, however, market itself is not an illusion. It is a powerful reality, with all efficacy. The crux is to see the duality of social reality dichotomized by different whole. The deliberate short-sightedness of orthodox economics lies at severing market from social whole to shield people from seeing the latter.

Extending Marx's Theory of Value to A Theory of Value of Commons

We may extend Marx's theory of value to lay the foundation of a theory of the value of commons. Marx's theory can be seen as a special case within a particular

very few can afford to own a jet-plane. Nevertheless, taking the IC industry as a whole, it is one of the most valuable industrial sectors.

²⁰ Classical-Marxian economist Anwar Shaikh shows in *Capitalism: Competition, Conflict and Crises* that core principles of classical economics are sufficient to set up models to explain most economic phenomena without bizarre neo-classical ideas like utility optimization, rational expectations, etc.

historical period. In *Das Kapital*, he does not intend to present a general theory of production. Instead he is specifically studying the capitalist form according to his understanding of capitalist mode of production at a particular period. We may extend his spirit a bit to give a general theory of value of commons. However, we should not lose sight of the particularity of capitalist mode, which is characterized by the duality described above. Of course, any society with commodity production is characterized by it to a certain extent. Yet it is in capitalist society where market becomes so dominant that the whole society is somehow modelled by it.

Let's begin by the fundamental but not trivial fact that all production in complex society is not possible without social cooperation. What Marx calls social labor can be extended as the notion of social cooperation. Nevertheless, capitalist mode of social existence is highly fragmented while the division of labor is highly specialized. Most importantly, capital becomes the dominant, almost monopolizing agent of organizing economic activity. Paradoxically nowadays economic activities are so divided and specialized that in fact cooperation has never been so vital and sophisticate in history. However, the atomic and fragmented mode of existence blinds people from seeing their ingrained interconnectedness for everyday subsistence. Instead, most of the times they can perceive their connectivity only through market exchange (the so-called invisible hand).²¹ That is why large-scale collective activities such as sports, concerts and political mobilization often provoke certain religion-like sentiment among participants as people are mysteriously unified with a purpose for a moment beyond market.

An Extended Theory of [Social/Cooperative] Surplus Value

What is the origin of surplus value? Now people are organized and resources are mobilized by capital to create new entities carrying value (if the entities entail some usefulness then somehow the capital is productive; if the value is virtual then it is speculative) and add them into the stock of wealth in society through market. However, capital organizes people with a very specific purpose: profit-seeking. Organization is just a means. Profit can only be realized in exchange. Profit is the mechanism capitalism follows to distribute wealth in society. Yet the distribution of wealth (surplus value) in capitalist society is different to previous social systems. Understanding it is the key to grasp how the power of capital is well concealed.

²¹ "The social power, i.e. the multiplied productive force, which arises through the cooperation of different individuals as it is determined by the division of labor, appears to these individuals, since their cooperation is not voluntary but has come about naturally, not as their own unified power, but as an alien force existing outside them, of the origin and goal of which they are ignorant, which they thus cannot control, which on the contrary passes through a peculiar series of phases and stages independent of the will and the action of man, nay even being the prime governor of these." Marx and Engels, *The German Ideology*, part 1.

Complex society arose with the existence of surplus energy in food production. Agriculture marks the emergence of complex society because only with agriculture human beings are capable of producing food more than enough for the subsistence of producers themselves²². Some social members are free from the drudgery of producing food. Agriculture lays the pre-condition of the emergence of social hierarchy.²³ It is not a coincidence that major ancient civilizations were all agricultural society. Every complex society is concerned with two core issues: first, how to organize social production (for different purposes); second, how to distribute wealth among the members. Capitalism is different from previous complex societies in how elites appropriate social wealth. In previous complex societies, the fruits of production were directly taken away from the producers by the elites based on various institutional or pre-institutional arrangements. The deprivation was very clear. The confrontation and antagonism were obvious.

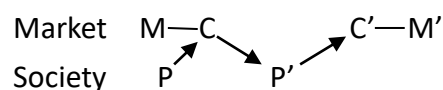
Social Distribution of Wealth and the Veil of Money

In capitalism, however, the appropriation is conducted with much greater subtlety. Now the crux of the game is the distribution of the right to claim wealth instead of direct distribution of the fruits of creation. It may seem a minor change but the veiling effect is enormous. In previous societies, the right to appropriate wealth was based on class identity. The right itself is fixed, rigid and non-negotiable whereas mobility between classes was strictly regulated. However in capitalist society (or some previous societies where commerce was dominant), what is being distributed and redistributed is the right to claim wealth in money-form. In these societies whoever have money are granted with the right to claim a portion of wealth from the social whole proportionally. In old commercial societies, there were still some restrictions on top of it. Yet in capitalism, this right is absolutely sanctified. The weak form of property right is one's property should be protected from being taken away without due compensation. The strong form is one's right to claim with money should not be limited. And neo-liberalism is nothing other than a set of tenets advocating the absolute power of capital to mobilize resources and the sanctified freedom of money to claim social wealth. What money really veils is not bare barter trade underneath but the crooked game of wealth distribution.

²² It does not mean that agricultural society is leisure society. Marshall Sahlins suggests in "The Original Affluent Society" (*Stone Ages Economics*) that hunter-gatherer only requires 3-5 hours per adult each day in food production. Agricultural labor is more intense in comparison. However, only agricultural society allows a large group of members free from the task of food production.

²³ The urbanist Jane Jacobs argues that proto-city preceded the origin of agriculture. That means it is city which gave rise to agriculture, not the other way back. This model has been refuted by many archaeologists. It is a matter of chicken and egg. We cannot go into the discussion here. It is important to remember proto-agriculture is different from agriculture under the management of city-state.

It is exactly this double operation or double articulation of capital on two different levels of the whole that causes much confusion to understanding economic reality and conceals capital's power. On the level of (social) production, capital is the power to mobilize people (labor force), resources (means of production) and knowledge. It is a form of power (potasa) because its precondition is people being deprived of the power (potenza) (capability as well as knowledge) and means to organize themselves for the purpose of social creation. People's "freedom" (state of being isolated and excluded from access to resources) to be employed is a result of their exclusion from means of self-organization and management. Now capital monopolizes social creation. However, what is created from the society, tangible or not, must return to the society. Capitalists create something not for the sake of self-consumption or giving it away (capital would rather destroy what is not sellable than giving it away). Profit is what drives capital's destructive creation (or creative destruction if you like it) and must be realized on the level of market. However, profit is not realized by getting things more valuable than what capital begins with. This veiled barter trade model is simply an illusion. In fact, profit is realized by getting greater magnitude of right to claim social wealth than what capital starts with. Marx's formula: M-C-P-C'-M' is a process of metamorphosis back and forth on two levels:



Capitalist uses money (capital) M to buy from the market commodity C (including labor force) which is a product of previous social creation (P) and organizes production (P') to create commodity C' to be sold for money M'. Here profit = M'-M. Market is embedded into society. So in a sense, everything is conducted in society as a whole. However market is seen as a separate realm and the whole of exchangeability in which the game of incessant transfer of right to claim social wealth is being played. That means capitalist has to gain greater magnitude of right to claim than what it starts with. Otherwise he or she will be doomed.

From direct (and many often violent) appropriation of products of social creation to distribution mediated by the right to claim, this seemingly minor change in the rule of the game is a stroke of genius. It makes every process seem so fair now. First, every transaction in the market looks fair because it is equivalent exchange. You exchange with your money for what it is worthy of (the tautology of market). As long as information is transparent, nobody is cheating. Second, it is an open game. Theoretically, everybody has equal accessibility to market. Your legal right in the market is supposed to be not different from Bill Gates. Alas, we all know the reality is not like this. In Hegelian terms, there is qualitative leap from accumulation of

quantity. The quality of a common folk's right is totally incomparable with the right of those who own enormous magnitude of right to claim wealth (in money-from) from society.

Now despite all the abominable inequality, it is widely believed that distribution of wealth is a fair game because competition of the right to claim seems to be open and fair. Apparently, the wealth created in society is open to all, the access to which is not limited by fixed social or political identity. Everybody is entitled with chance to compete for the right to claim. If you end up penniless, you alone are to be blamed. You screw up with the sacred equal opportunity you are granted with. You must be lazy or do not work hard enough. Or you are not smart enough to find the way. Warren Buffett becomes one of the richest men in the world because he follows Benjamin Graham's value investing formula while you are driven by greed and fears. But million have followed Graham's method. Why there are only a few Warren Buffetts? Again tens of thousands had set up computer workshops in garage. Why there are only a few Bill Gates? They must have a secret. There must be some intrinsic qualities making them successful while a great majority fail. If you can't see it, these qualities must be invisible or mental. That's why esoteric methods and guides to get rich become viral on the internet. Marx's analysis of fetishism remains forcefully insightful in grasping this phenomenon. However, 150 years after *Das Kapital* the mystification has arisen to such an unbelievable level. I think *the shift from direct appropriation of concrete wealth to competitive distribution through abstract right to claim contributes a lot to this mystification*. People become so dazzled and disoriented by the system they collectively help to sustain that they are desperately looking for some mysterious forces behind it. Looking awry they miss what is really important: the extremely unequal distribution of wealth. People's minds are obsessed with why this or that particular individual getting so rich in order to learn from or copy their success. Perhaps it is just a matter of random chance. If it were not Bill Gates it might be John Doe. The crux we should instead focus on is with the built-in mechanism of the game, the concentration of wealth within a small portion of population is inevitable.

Such is the ironic and obscene paradox of our ages. Never have human beings created so much wealth. However, the unequal distribution of wealth has not changed a bit if not worse. What nowadays billionaires own would make aristocrats in old days look like paupers. Today, the richest 9 individuals in the world own more combined wealth than the poorest 4 billion people. The top 1% hold in their hands greater magnitude of the right to claim global wealth than the rest of the world's population. It must take very crooked intellectual tricks to deny the obscene unethicalness of the status quo. People have equal right. Yet 1%'s right in quantity

equals to 99%'s. The hypocritical irony lies at the belief that our age is the age of human rights. Again, it is dialectical irony. Human right is sanctified qualitatively (abstractly). However, when the rights are counted quantitatively (concretely) and distributed disproportionately, the champions of human rights become blindly silent.

The current global decay of democracy, the world-wide upsurge of retrogressive populism, and the consolidation of authoritarian regimes are in fact people's angry reaction to their disappointment on the so-called democratic system in which economic and political rights are extremely unevenly distributed.

Credit Creation...From Nowhere

Above we have seen that the failure to discern the back-and-forth shift between market and society in capital movement is a root of confusion in understanding the dynamics between value and price. People often mistakenly conflate the two forms trying to understand economic phenomenon. Another source of confusion arises from misunderstanding the role of money. Orthodox economics falsely represents money by barter trade model, where it merely acts as medium of exchange. Money in modern economy is not merely a medium of exchange (as well as unit of value measure, means of settlement and storage of value, etc). Money is the right to claim a portion of wealth from society. Therefore, money is always a power phenomenon.

A grave mistake in economic theory is to misrepresent money as an entity as if it is like other economic resources or production factors, subject to the law of supply and demand. Interestingly, money is in fact the only economic factor that is not limited by the law of scarcity.²⁴ Unlike any other production factor or economic resources, money can be created out of thin air easily (the so called cost of money, i.e. interest is just a matter of the rule of the game) and in theory infinitely. The policy of quantitative easing after the 2008 crisis is a testimony to this quality of modern fiat money. Money can never be understood as an entity or a resource. It is rather a quantified token of the abstract right to be distributed among social members.

Then the next problem becomes what is the source of money. Here commodity theory of money runs into short-circuit. In modern economic system, credit creation is the core of economic activities. Any monetary theory failing to put credit creation at the core of economic system would risk being charlatan economics without really understanding how economy works. Marx is among the first theorists to emphasize

²⁴ The term "scarcity" is very misleading. Relative scarcity is a matter of the hidden exclusiveness of market. Price mechanism can be viewed as a game of social Expulsion. Exchange value represents the exclusiveness of a parcel (usually regarded as a unit of commodity) of social wealth.

the essential role of credit creation in capitalism. As he points out economic crisis is always a credit crisis. Later Fischer, Keynes and Schumpeter also touched upon this issue. In contemporary economics, Hyman Minsky is one of the rare voices to put credit creation at the heart of capitalist mechanism, developing the theory of financial instability.

Credit creation is an institutional power to create credit (i.e. the right to claim wealth from society), out of...nowhere. Debt (the product of credit creation) represents a portion of right devoid of substantial value in itself when it is first generated. Then the debtor got to engage in economic activities, striving to create added value to endorse this empty sign of right with real value. Furthermore, debt bears interest. Not only does the debtor have to create value to substantiate the debt with value, he or she has to create greater value it represents to pay interest. Apart from the fundamental social antagonism of uneven distribution of wealth and power, interest-bearing credit creation is the source of unavoidable instability inherent in modern capitalism, especially financial capitalism.

Modern money takes shape through credit creation or debt. It is because people are so atomized that they do not have trust with other “strangers” on whom their very subsistence depends. Money is a form of anonymous trust, a social common we collectively create to mediate interaction among people. We don’t trust a stranger. But we trust that money will be accepted by anyone (until one day a monetary crisis strikes). Then credit is created out of nowhere. However its value is based on now here: social cooperation. Such invisibility contributes greatly to the mystification of the power of money, capital and finance. As David Graeber indicates, “the power of money is an effect of a gigantic system of coordination of human activity.”²⁵ The social relationship behind this gigantic system is so byzantine and dizzying that we become mesmerized and paralyzed, unable to find its source of power in ourselves.

Money and Capital as Inverse Commons

If money is created out of nowhere in the society, then paradoxically, it is actually a kind of commons. It is a social system people create and collectively maintain to facilitate exchange. Likewise, capital is also a sort of commons. It is a regime people create to organize production or economic activities in general. They are not some magi or mysterious creatures entertaining magical power to animate beings, but rather social entities representing a seemingly anonymous institution created and maintained by collective ideas and actions of individuals. They entail no intrinsic value or power in themselves. They are valuable because we create the value they represent. They have power over us because we are willing to submit

²⁵ David Graeber, *Toward an Anthropological Theory of Value*. NY: Palgrave: 251.

ourselves to their commands. I would call money and capital “inverse commons”. They are co-created but the benefits are not shared equally by all social members. The intrinsic mechanism of money game makes it inevitable that some partake of a larger, many often much larger portion of the benefits.

And because credit-creation is monopolized by financial institutions backed up by power, finance is increasingly turning from inverse into negative commons. As inverse commons, traditional finance still fulfils its function to facilitate economic activities, without which modern economy is impossible to work. However, in our age of advanced financial capitalism, super finance becomes a casino-madhouse to the extent that its marginal utility is actually negative. Its ultimate foundation still relies on our economic cooperation. Nonetheless, it becomes so alienated that it exists as a black hole sucking up economic value and paralyzing economy.

As credit-creation is the core of capitalism, seeking an alternative to capitalist mode of existence must also start with finding new ways to create credit/trust among communal members. It is an alternative trust-building process in recreating sociality beyond atomization and pathetic interest-seeking.

Money as commons, Other as means or ends?

If we regard money as commons collectively created, not some pre-existing entity, but rather quantified token of right, then all economic questions should be pondered as ethical question. Obviously, we have the problem of distributive justice: why someone has disproportionately much greater right than other? But before that, there is a more fundamental ethical question: in economic activities, how do we reconcile the conflict between treating other as means and ends in him or herself?

Modern ethics finds one of the strongest expressions in Kant’s categorical imperative: “Act so that you use humanity, whether in your own persona or in the person of any other, always at the same time as an end, never merely as a means.”²⁶ A human being should exist as an end in him or herself, to be regarded as such by everyone and to be used by no-one as a pure means to other ends.

It is well known that the very definition of slavery is the slave exists only as a means to the master. Slavery is a mode of existence in which the enslaved has minimal right to exist as an end in him or herself. Existentially, it is only one step above the relationship between predator and prey. It is now common sense that slavery violates the very fundament of ethics. However, paradoxically, as David Graeber indicates, in ancient world, slavery was usually conceptualized in a framework of morality. Here the idea of debt played a key role. Enslavement was often the result of indebtedness. Or even in the case of capture by force in war or

²⁶ Kant, *Groundwork of the Metaphysics of Morals*. Cambridge: Cambridge University Press, 1988: 38.

violence, one had the choice to die in dignity as a free person. However if one chose to live instead, his whole existence itself became indebted to the pardoner. That means one became a slave in order to honour his or her moral duty. And this duty is transferrable. A slave became sellable goods. Or in the best case, he could redeem his life-long duty by buying his freedom back.

The point is ethical problems are always implicit in economics. Obviously, when we use money in market exchange, other is just a means to satisfy our needs and desire. Of course, the reverse is the same. It is a mutual relationship of taking other as means. Young Marx has discovered this conflict in the tension between state and civil society:

All the preconditions of this egoistic life continue to exist in civil society outside the sphere of the state, but as qualities of civil society. Where the political state has attained its true development, man – not only in thought, in consciousness, but in reality, in life – leads a twofold life, a heavenly and an earthly life: life in the political community, in which he considers himself a communal being, and life in civil society, in which he acts as a private individual, regards other men as a means, degrades himself into a means, and becomes the plaything of alien powers. (“On the Jewish Question”)²⁷

And what is capital if not an act that uses others (human beings, ecosystem, etc) as sheer means to serve the sole ends of self-increment? There is always irreconcilable ethical tension in economic matter.

[T]he individual can at most have the consoling awareness that the satisfaction of his antithetical individual interest is precisely the realization of the suspended antithesis, of the social, general interest...The general interest is precisely the generality of self-seeking interests. (Marx, *Grundrisse*, II, On Capital)

Marx’s note is actually a more sophisticated expression of Smith’s invisible hand.

And we often read the liberalist argument that market is the sine qua non of a free society. Well it depends on how we define market and what its limit is. If market means the fundamentalist version neo-liberalism champions, which actually implies

²⁷ Later, Marx reflects with more sophisticated details on this relationship in economic exchange: “Each serves the other in order to serve himself; each makes use of the other, reciprocally, as his means. Now both things are contained in the consciousness of the two individuals: (1) that each arrives at his end only in so far as he serves the other as means; (2) that each becomes means for the other (being for another) only as end in himself (being for self); (3) that the reciprocity in which each is at the same time means and end, and attains his end only in so far as he becomes a means, and becomes a means only in so far as he posits himself as end, that each thus posits himself as being for another, in so far as he is being for self, and the other as being for him, in so far as he is being for himself – that this reciprocity is a necessary fact, presupposed as natural precondition of exchange, but that, as such, it is irrelevant to each of the two subjects in exchange, and that this reciprocity interests him only in so far as it satisfies his interest to the exclusion of, without reference to, that of the other.” (*Grundrisse*, II, On Capital)

the unfettered freedom of capital to expropriate and mobilize resources and to traverse across border without any regulation, then the calculus of freedom would become ambiguous. Everybody is a free agent in market. Each individual is supposed to be free to use others as means to satisfy one's ends, while himself or herself serving as means to others. But with the unavoidable uneven concentration of the right to command in a few hands, the majority is likely to end up being sheer means to those money elites in most of the times. Yes, it is freedom, but a highly asymmetric and distorted form of freedom. Someone enjoy greater freedom at the expense of others. I am not saying those liberalists are wrong. I mean they are just hypocrites. If they are really true to their belief, then a really free and fair market should contain the mechanism of re-shuffling a major part of the right to claim regularly once in a while. It is not a fancy vision. Actually it is exactly what people did by Jubilee in archaic world where debts were cancelled every 49 years.²⁸ Viewed from this, the archaic world was more liberal than we are today. How about reshuffle a major portion of right to claim every 10 years? It is the only logically consistent way to maintain a truly free and fair market. Otherwise, in their model, freedom and justice are never compatible.

The matter becomes more complicate when we consider the fact that human being's happiness is more than instant satisfaction of needs and desires at biological level. Greater happiness lies at fulfilling the social-psychological satisfaction with other's recognition.²⁹ In fact, love, respect, honor, fame etc are the most important driving forces motivating most of human being's social and even economic pursuits. Many often man seeks wealth and power as a way to gain other's recognition. In fact, the marginal utility of material satisfaction drops very quickly. The greatest satisfaction one gains from wealth beyond a point is often from other's recognition. Or our greatest desire is other's desire.

Here we may identify the fundamental pathology of economic pursuit. If we accumulate wealth just for the sake of biological satisfaction or insecurity, then we in fact negate our subjectivity by reducing ourselves to animal existence. Nevertheless, if we accumulate wealth in order to gain other's recognition by using others as means, we contradict ourselves as a subject whose sense of being is confirmed by the recognition of the Other. That is to say we negate our being as an end when negating other's being by taking him or her as a means. Or we may eschew this existential impossibility by holding a schizophrenic position. We gain the recognition of someone we love by using others we don't care. Or we gain other's recognition

²⁸ Michael Hudson, *The Lost Tradition of Biblical Debt Cancellations*.

²⁹ Francis Fukuyama's notorious end of history hypothesis now becomes a sort of laughing stock. However, in *The End of History and the Last Man* he is right to point out the importance of mutual recognition in understanding social relationship.

while negating his or her being as in Hegel's Master-Slave dialectics. But this is self-defeating because the greatest happiness lies at the recognition of the other as a free agent, as an end in itself. The solution in history is obviously the differentiation between master class from servant/slave class. A master seeks to gain the desired recognition from whom he loves or cares and from other masters (sometimes by defeating other master in competition). The servants serve only as means to this aim. In any case, from an ethical point of view, general economic freedom is incompatible with universal freedom.

Economists may sniff at "philosophical" discussion such as this. However, we must not deny economic value is profoundly ingrained in ethical value. If economics continues to pretend value-neutral in explicating economic value, it could never become a legitimate and respectable discipline, like a blind man holding an elephant tail and taking it as the body.

Last but not least, the most urgent task of our generation is to include ecosystem as an end in itself into our value system (see below discussion). Eco-ethical dimension must be introduced into economics. Ecological crisis is first of all a value crisis.

Notes on the Meaning of Value

It is a question we should have asked in the first place: what do we mean by value? Value is a widely used term: in economics, ethics, sociology, mathematics, painting, etc. In general, value refers to the importance we attribute to an entity, relationship or state. In ethics, value is usually contextualized in binary modality. In certain existential situation, according to your value system, will you do or refrain from some act? Or will you opt for this or that if you are forced to make a choice? Sometimes we think it is possible to rank the importance of entities, relationship or state in an echelon of beings. And orthodox economics believes this (subjective) echelon of preference can be quantified by monetary value. The more important an entity is, the higher monetary value it may be attributed with.

In the last analysis, value is about freedom. The ranking itself may be based on some rational and irrational ground. Many often people are nudged to make economic choice. However, the final act to make a choice is groundless in itself. We can put everything under critical analysis and take away all unconscious or ideological drive, nudge, etc. At the end we would come to an existential situation of groundless Either...Or... Freedom is the courage to make an ethical choice before this existential abyss. Economic or social value is in the last analysis ethical value. For ethics is after all concerned with the freedom to decide what mode of existence we deem worth living.

Conceptualizing Value Function

Capital as a special form of money is granted with the right or power to mobilize resources and organize people with their knowledge into economic activities, with the aim of getting a greater portion of command in the process. The magic of capital owes to the make-believe that we can only be organized by it as if atomization is our natural state and capital has the magical power to unify us. Capital becomes the magus of sociality. Under the veil of capital it is our creativity driven by knowledge commons, organized through cooperation and realized by resources mobilization (at the expense of nature). This trinity are embodied into the products of creativity. The value of our products (tangible or not) may be represented as

$V = f(\sigma, k, e)$, where σ^{30} =cooperative effort, k =knowledge, e =ecological impact

And of course, any product is compound product involving various products. So the function must be expanded as follows:

$\sigma = \{\sigma_1, \sigma_2, \dots, \sigma_i\}$ The economic activity involves i groups of cooperative bodies, measured by complexity of connectivity. Network analysis (graph theory) may be helpful in modelling complex networking.

$k = \{k_1, k_2, \dots, k_j\}$ It involves j sectors of knowledge, measured by information density and entropy.

$e = \{e_1, e_2, \dots, e_l\}$ It has ecological impact on l ecosystems. As cost valuation, it can be measured by ecological footprint. As value, it may be measured by biodiversity impact, also measured by entropy.

One of the most well-known formulas in orthodox economics is Cobb-Douglas production function: $Y = A \cdot L^\alpha \cdot K^{1-\alpha}$, where L =labor input, K =capital input, A =total factor productivity which implies technology growth and economic efficiency, α =output elasticity. It means output is a function of labor, capital and technology. However, the fallacy is obvious. Here capital in fact refers to other production factors like machinery, equipment and building, which are actually resources that capital can mobilize. Then capital should not be represented as an independent factor. It is in fact an agent mobilizing labor, resources and technology into economic organization. Capital in itself cannot create value. Its only capacity is to mobilize resources and organize people into economic activities.³¹ Actually this function is less about production than distribution of output among different economic sectors. Putting capital into this function is a way to justify capital's contribution and hence share in the output.³² However, so-doing is mystifying rather than clarifying how economy

³⁰ From σ uv: together.

³¹ Of course, we may likewise argue individual labor in itself cannot create value. Only in social cooperation can labor create value.

³² It reminds us of the trinity formula of profit, rent, wage in *Das Kapital*, vol 3.

actually works.

Differences from Marx's Theory of Value

Three important points mark the differences between the theory of commons-value and Marx's. First, the unity of analysis of value should not be limited to individual worker. That is we must avoid methodological individualism. Although Marx emphasizes the aspect of social cooperation in capitalist production, it is a pity that his formulation does not fully accommodate its significance. The idea of social production only serves to generate a general unit of measure. His formulation simply follows classical economics to highlight individual labor as the creative source of value. So said, we must appreciate Marx's effort as relevant to social struggle of his times by highlighting the antagonism of capitalists and workers and formulating an intuitive idea of exploitation. As mentioned, Marx's formulation can be seen as a very special case of the extended theory of commons-value. It was the early period of mass manufacturing when labor skills were not very diversified. For the sake of model simplicity, social labor was homogenized and expressed in individual worker. But now, with very complicate diversity of working skill and cooperative connectivity, the irreducible cooperative aspect of economic activities must be highlighted. It is not individual labor (as conceptualized by classical economics) that is the source of wealth. Instead it is social cooperation being the source of creativity.

Second, the unit of measure should no longer be simple (socially necessary) labor hour. Again, as mentioned above, Marx has reason to use labor hour as unit taking early mass manufacturing as a special case with simple intuition. And admittedly, even in contemporary advanced society, extending working hours remains an important way to secure profitability, not to mention sweatshops in emerging manufacturing countries like Bangladesh. For example, in Japan, it is not uncommon for white collar employees to work 9-9 frequently on week days. For enterprises, in the name of cost-control, cutting employee numbers to increase workload and extending overtime work (even unpaid) are common ways to boost up "productivity", especially during the downtrend of economic cycle. Work hours, or more generally extending free time for social recreation remains a realm of struggle in contemporary capitalism. Furthermore, in this 24-hours/7-days non-stop global system, the dividing line between work and rest becomes increasingly blurred.³³ With mobile devices and internet, many continue to work even at home, during commuting or recreation. Although work hours are still important to sustain profitability, under the erosion of biological time (overall colonization of life as a whole) and general enclosure of social commons by capital, time becomes an

³³ See Jonathan Crary, *24/7 Late Capitalism and the Ends of Sleep*. Verso, 2013.

ambiguous dimension to serve as unit.

Third, it is well known that Marx in the spirit of classical economics denies nature as source of value. However, confronted with global ecological crisis, I strongly believe we should emphasize ecology as an indispensable dimension in any form of value, be it ethical, social, cultural, political or economic. (Yes, we got to return to the Physiocrats to certain extent.) Moreover, Marx, along with other classical economists belongs to the tradition of Enlightenment in which nature, deprived of God's radiance, is being increasingly denigrated as passive stuff (raw material) lacking agency. It is formless, receptive, inert, feminine, valueless. Only Man (in the image of a dominant, inseminating patriarch as law-giver) can create value and form. The dark side of Enlightenment and its consequence is well known. Today's global ecological devastation can justifiably be traced to the world view of Enlightenment.

Hence, we must expand the idea of cooperation to include symbiosis, creation to co-creation (co-evolution). Human creation of any kind is impossible without co-creation with ecosystem. Mind as a complex system is embodied in body (another complex system), which in turn is embedded in society (yet another complex system) in the last analysis supported by bio-sphere (guess what? another complex system). It is simply ignorant and hubristic to believe that mind/body is independent of the environment yet capable of transforming external entity and thus miraculously creating value.

Ironically, this Cartesian world view is best disproved not by philosophers but by CIA. Hoping to develop effective interrogation procedures, CIA funded the psychiatrist Ewen Cameron in the 1950-60s to conduct experiments on how to erase and remake personality of a subject³⁴. The result is an internal manual still applied by CIA and US army today, the core technique of which is sense deprivation. The inmate under prolonged interrogation is being deprived of social, interpersonal and natural environments that sustain his personality and fundamental sense of being: solitary imprisonment, total isolation, 24 hours constant bright lighting, blocking all natural light, interruption of sleeping cycle, deprivation of interpersonal interaction (guards are masked exposing no skin, not uttering a word) and senses stimulation. In a very short time, the inmate is mentally so disoriented that his personality begins to crumble, emotion starts breaking down, behaviour becomes infantile³⁵. Guantanamo Bay Naval Base is the greatest philosophical academy after Plato's Academia. Its philosophical implication is very clear: subject simply cannot exist without mundane interaction with the environment, not to mention a worldless subject.

³⁴ See Naomi Klein, *The Shock Doctrine*, chapter 1 "The Torture Lab: Ewen Cameron, the CIA and the Maniacal Quest to Erase and Remake the Human Mind".

³⁵ Jonathan Crary is percipient to point out our 24/365 late capitalist social space is getting similar to this interrogation torture chamber.

Accordingly, we should put an end to the modernist conviction that human being is the sole source of value. Human transforming entity into new form is not fundamentally different from new genetic possibility and biological forms emerging by the great interaction of forces within ecosystem. One of our greatest blunders, according to Gregory Bateson's insight, is believing that only human beings have mind and agency. In fact, mind is a complex system (with higher extent of self-reflexivity) embedded in greater complex systems. In other words, ecosystem has its own form of "mind". It is deceptive to hold this picture: our solipsistic mind in autarky works on external inert entity, shapes it into new form and creates value in the process while the world is just an passive background waiting for our insemination.

Re-rooting human value, be it ethical, social or economic, into the greater ecosystem is the first essential step toward understanding the ingrained embeddedness of our existence in biosphere. To reconceptualise economic ideas by eco-ethical categories (rather than the other way round) and reframe economic activities within the boundary of ecosystem is what I call *ekonomy*. It is an urgent task to counter the dangerous environmental or ecological economics which attempts to submit ecosystem to orthodox economic concepts, for example assigning monetary value to ecosystem as resources or the perverted idea of "natural capital".

The Boundary of Economic Value

Here the crux is how our understanding of value shifts between different realms. It is not a coincidence that ethics and finance share basic vocabulary, like value, credit. Many have pointed out that in Indo-European languages, "debt" also means sin, guilt and indemnity, not to mention "mortgage" implied death penalty. Value is the worthiness and importance we attribute to something (not necessarily entity, but also act, relationship or state of existence). The problem is in economy, value is always assigned with a monetary magnitude. It is the problem of transformation between quality (worthiness) and quantity (exchangeability) Marx analyses in the opening chapters of *Das Kapital*. Economists are convinced that any value can be assigned with a numerical magnitude. In fact the job of finance is to assess the monetary magnitude of anything concerned.

The crux of the matter is whether we can always assign monetary magnitude to worthiness? The unethicalness is very obvious when a price tag is added on human organ or child and woman in human trafficking. We all know that the scope of monetary value assignment or exchangeability should be limited by ethics. However, when some ecological economists claim to be capable of assessing the monetary value of the earth's ecosystems as a whole (!), nobody takes it as an ethical issue as if

it is just an economic or methodological problem. The madness here is obvious. If we really come to an agreement of the price of the whole biosphere and someone (through some financial magic) come up with the money, would we allow him or her to acquire the whole biosphere and dispose it as he or she likes it as private property? The monetary value assignment argument is ecosystem should be managed by market principle. However for market to function, you need to assign monetary value to it. The foremost problem is whether market is an appropriate management mechanism for ecosystems?

We can translate this ethical problem into a methodological question. It is similar to Russell paradox: can the set itself be treated as one of its elements? There is no doubt that market as a system is embedded in society which as a whole in the last analysis is embedded in ecosystem. Without ecosystem there is no society at all, not to mention market. Then should the whole itself be treated with the principle regulating its elements? It is more than a logical question. Crazy is around the corner if we neglect ethical dimension in ecology. If it involves the very conditions of people's existence, what kind of problem it is other than ethical? Maybe the problem is not seeking a way to define and expand economic value to encompass all values but rather setting a boundary of its validity. It is not unlike the Kantian lesson. We can never fully assess value-in-itself. Economic reason itself must be limited within a boundary. All economists must learn from Wittgenstein: try your best to evaluate what is quantifiable, yet remain silent before what is invaluable (in-valuable or too valuable to assign a quantified value).

A Bioentropic Model: Economy-Society as sub-system of Ecosystem

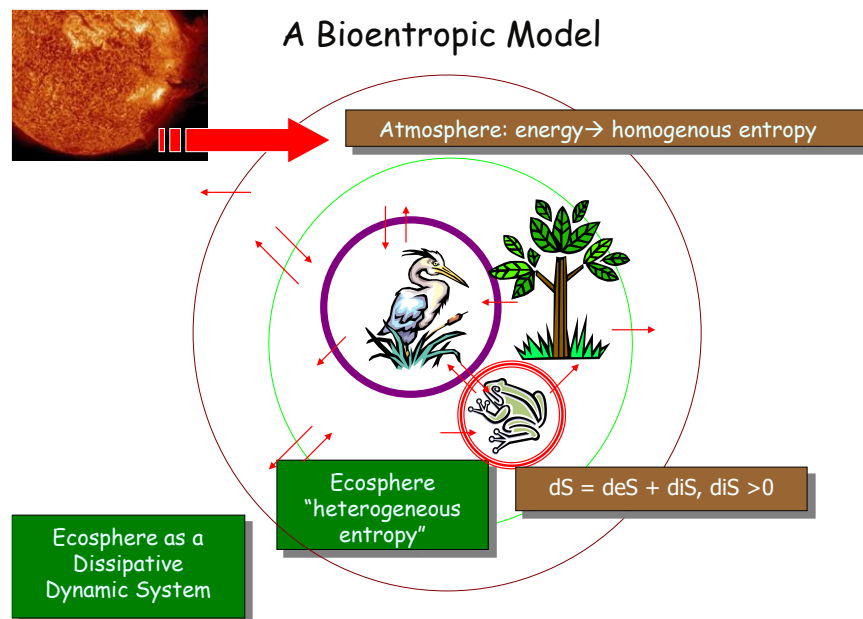
Economics could never be a legitimate and respectable discipline if it continues to neglect ecology, or worse, if it attempts to trim ecology according to the highly questionable orthodox paradigm. As Steve Keen points out, economics should not violate the law of thermodynamics which is the only universal law regarded by all scientists. However, whimsically, orthodox economists tend to believe that the law of supply and demand is the only universal law on the Earth if not in the universe. (No wonder economics becomes the theology of our times, with scholasticism worse than medieval academic philosophy.)

Here we may give a preliminary sketch on how to conceptualize economy (being a subsystem of society) as a subsystem of ecology, in a word, toward an ecologically embedded economy.

Consider a general model of transformation system:

Energy \Rightarrow Transformation (energy-form, material form) \Rightarrow outcome state
 \searrow Waste, Δ Entropy > 0

The largest system concerned here is the ecosphere which is a dissipative dynamic system (if we omit the universe as the ultimate enclosing system):



The ecosphere system runs like this:

Energy (solar, geo-thermal) \Rightarrow Ecosystem \Rightarrow Biodiversity
 (low entropy) \searrow Entropy: negentropy

The ecosphere on the Earth as a dissipative dynamic system receives energy from the Universe. At the beginning of the emergence of life-forms, primitive organisms took thermal heat as primal source of energy (from the gravitational clumping of the planet Earth), the origin of which is also the Universe when the solar system was formed. Then particular organisms had evolved to utilize solar energy (photosynthesis). Solar energy became the major source of energy life-forms on the Earth relied on. Ecosystem became increasingly complicate. Co-evolution (rather than individual species as conceptualized by Darwin) drives the emergence of biodiversity. The low-entropy energy from the Sun is captured into the ecosystem to increase the genetic information density through biodiversity. The robustness and resilience (stability) of ecosystem implies low entropy (or decrease in entropy, negative entropy: negentropy), which is concomitant with the dissipation of high-entropy heat into the atmosphere (and eventually into the Space). The whole process is bound by the 2nd law of thermodynamics. The change in entropy is represented by

$$dS = deS + diS, diS > 0$$

deS: exchanges between the ecosystem and its surroundings

diS: entropy production by irreversible processes internal to the ecosystem

Exchanges between biological systems and surrounding entail a great deal of energy waste, hence deS is much greater than diS. However, to maintain structural integrity,

biological systems must produce entropy internally ($diS > 0$). Therefore, diS is critical in evolution, even though it represents a very small portion of the total energy budget.³⁶ The function can be further specified as

$$diS = \psi\alpha + \psi\mu b + \psi\mu i$$

$\psi\alpha$: external dissipation function, e.g. thermal entropy

$\psi\mu$: bound dissipation function, or organizational entropy

$\psi\mu b$: $\psi\mu$ allocations for accumulating biomass

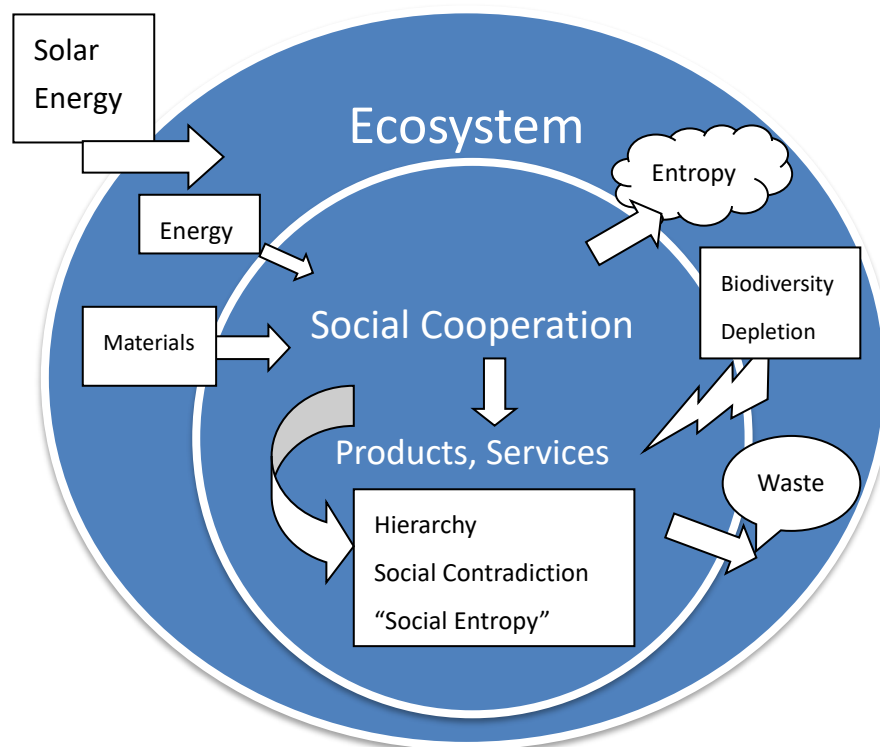
$\psi\mu i$: $\psi\mu$ allocations for accumulating genetic diversity

In a robust ecosystem, there is no material “waste” at all. Everything is recycled in the system. However, there is always this play of entropy in accumulating biomass and genetic diversity.

Now, agriculture (Physiocrat system) runs like this:

Energy (solar) \Rightarrow Cropping \Rightarrow Calories, nutrients
 \searrow
 Biodiversity \downarrow , Entropy \uparrow

A model of economic production may look like:

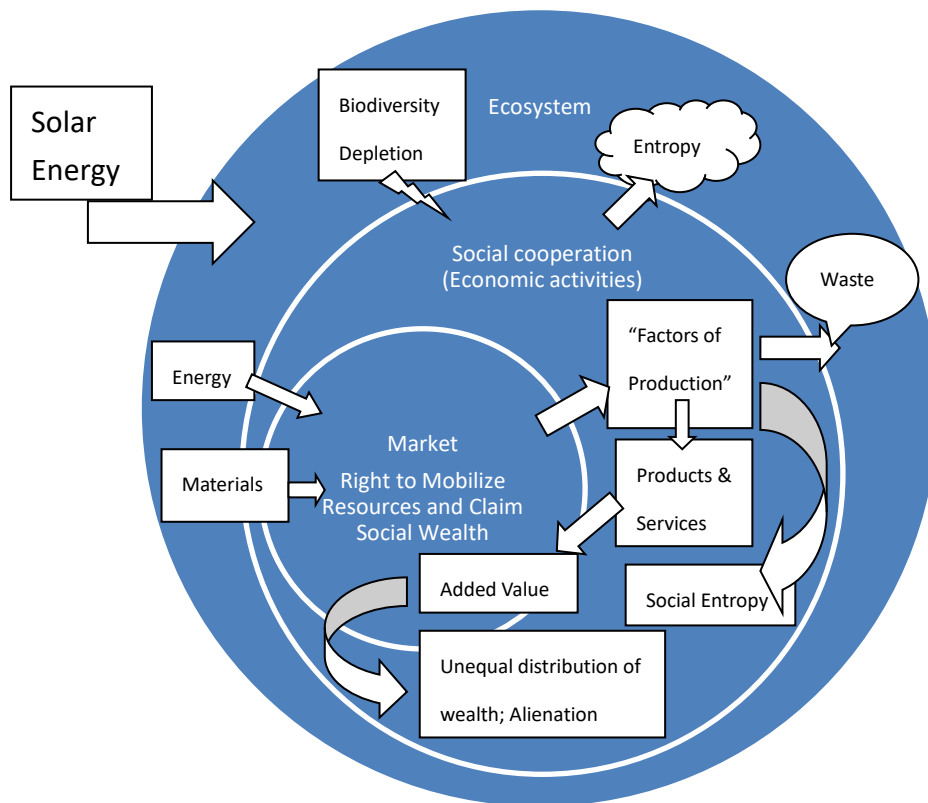


In economic organization, energy and materials are harnessed from the ecosystem to produce products and services. However, the side effect is social and political hierarchy (division of labor, elitist regime). Coercion, violence and injustice lead to social contradiction, which may be regarded as “social entropy”. Waste and entropy (heat dissipation) are dumped into the ecosystem. Environment exploitation and

³⁶ Daniel R. Brooks, “Evolution in the Information Age: Rediscovering the Nature of the Organism,” *Semiosis, Evolution, Energy, Development*, Volume 1, Number 1, March 2001.

waste-dumping lead to biodiversity depletion.

Including market into consideration, the model becomes like this:



Let's give a simplified but holistic picture of this model. In this model, ecosystem and economy are both viewed as complex adaptive system. The Earth's ecosphere receives "free" energy (solar energy) from the Universe. (Yes, there is free lunch in the world. And economy is based on this free lunch!) Taking the advantage of stable and robust ecosystem, human beings make use of the energy and materials available to organize economic activities to produce products and services for survival and the reproduction of society. At the beginning, human beings harnessed energy merely through hunting and gathering, whose mode of existence did not fundamentally different from animals. Then a vital turning point in history emerged with the development of agriculture. Human community now became capable of producing surplus energy on a large scale. Social hierarchy began to take shape. A giant corpus of knowledge created in cooperation is accumulated through generations and spread through different communities (with perpetual conflicts in the process). Productivity is increasing exponentially. Industrial revolution marked a critical point in history when the carrying capacity regeneration of the Earth began to be disrupted. Money becomes an increasingly unconstrained abstract and anonymous right to claim social wealth. When money acts as agent mobilizing production factors with the goal of making profit (self reproduction), it becomes capital. On the one hand, capitalists become the dominant class organizing economic activities. On the other, market

becomes the dominant field in exchanging factors of production including resources, labor and capital itself. Market is also the place in which profit is realized through the circulation of commodities and money. Capitalist system entails three major contradictions. First, social hierarchy does not disappear in capitalist society. It is reshaped in the name of social division of labor. Power is still concentrated within a small circle of elites. Second, social confrontation becomes less obvious because the uneven distribution and concentration of wealth is now mediated by the apparently free competition for the right to claim wealth. However, economic power and wealth remain highly concentrated in a limited number of economic elites. These two contradictions reveal social antagonism as the fundamental constituent of capitalist system. Third, driven by the unlimited impulse to generate profit, capitalist mode of production has disrupted the Earth's carrying capacity regeneration. Biodiversity depletion, unrecyclable wastes dumping into the environment and too much high-entropy heat dumping into atmosphere has pushed the robustness and resilience of ecosphere to the edge of irreversible break down.

It is a simple but holistic model of economy. Of course, much have to be revised and improved. The point is without taking ecosystem and social cooperation as greater systems in which economy is embedded, economics can never become a legitimate discipline. And economists while pretending to be scientists would remain charlatan mathematicians engaged in futile sophistry. Failing to recognize the above major contradictions or worse attempting to explain them away is no less than intellectual chicanery.

Energy or Entropy? Be aware of economic modelling of ecology

An important point has to be clarified in the above diagram. Here I am not advocating an "energy as common denominator" model of ecology, which, I am afraid, may be an economic capture of ecology. An example is Eugene Odum who attempts to generalize the idea of embodied energy as "the single common denominator of life on earth". He says: "All humans should understand the basic principles of energy transformations, because without energy, there can be no life." OK. We have no problem with it. But his argument then turns to a suspicious direction: "[estimating] the energy required to generate a flow or maintain a process [in calorie equivalents]...becomes an estimate of 'value'; since it represents how much energy of one kind has to be 'paid' to produce another, more 'valuable' form."³⁷ Suddenly, it sounds like orthodox economics. He then argues: "since money and energy are related, using energy as a basis for evaluating and allocating goods and services of all kinds is a logical approach [to the conversion between natural

³⁷ Eugene Odum, *Ecology and Our Endangered Life-support Systems*, p.77.

ecological systems and human systems]" (ibid. p.103). What we see here is in fact an economic modeling of ecology. His ecological model is very similar to production and exchange paradigm of orthodox economics. The implication is clear. With the idea of "embodied energy", we can put a price tag on any ecological process. Such attempt is echoed by unorthodox post-Keynesian economist Steve Keen who attempts to formulate the function $Y(E)=f(K(E), L(E))$ where Y =output value measured by energy, K =capital value measured by energy consumed by machine, L =labor energy consumption. I believe Steve Keen has good will in formulating economic value by energy consumed, attempting to construct alternative to orthodox. However, the chance of bumping into right direction starting from wrong idea is probably quite slim.

The reason why energy consumption model is not a precise description of life system lies at the phenomenon of life is less about availability of energy than the condition of how energy is distributed. Roger Penrose remarks:

Had the entire sky been uniformly illuminated, for example, with some uniform temperature—whether that of the Sun or anything else—then there would be no way of making use of this energy (whatever kind of creature we might imagine having evolved to try to cope with it). An energy supply in thermal equilibrium is useless.³⁸

Energy is everywhere. Nonetheless, flatly spread out energy (i.e. high-entropy heat) is difficult to utilize.³⁹ Likewise, the efficiency of an engine (or energy generation system) depends not only on how much heat it can generate but also the temperature difference with surrounding condition. In a word, entropy is the key to energy utilization.

Life is more sophisticate than just conversion of energy and matter. It is very superficial to try to understand life merely as how much energy is applied. What is more essential is how the energy is applied. What is life and how should it be recognized? James Lovelock answers: "I'd look for an entropy reduction, since this must be a general characteristic of life." To find signs of life, one must look for a reduction or temporal reversal of entropy. Long before him, Ludwig Boltzmann the founder of entropy has observed:

The general struggle for existence of animate beings is not a struggle for raw materials – these, for organisms, are air, water and soil, all abundantly

³⁸ Roger Penrose, *The Road to Reality: A Complete Guide to the Laws of the Universe*. N Y: Vintage Books, 2007, 705.

³⁹ Despite common understanding, entropy is actually not a measure of disorder. Consider a macro state comprised of various microstates. Entropy is a measure of the number of equivalent microstate, i.e. the number of different ways micro state can occur. The more combinations of microstate a macrostate contains, the higher entropy this system contains. Therefore, it is not energy or entropy itself, but change in entropy that matters.

available – nor for energy which exists in plenty in any body in the form of heat, but a *struggle for entropy*, which becomes available through the transition of energy from the *hot sun* to the *cold earth*.

Evolution was not so much a struggle for survival as a struggle for entropy.

Negentropy (reduction or reversal of entropy) accounts for the fact of biological order on earth as a localized and temporal reversal of the arrow of time bound by the Second Law of Thermodynamics.

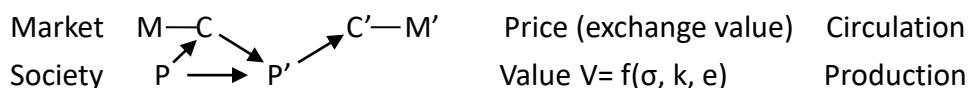
Maynard Smith and Szathmary point out:

Organisms are both metabolic systems and information systems, and that many of the most important evolutionary transitions can be understood as trade-offs between the need to exist and the need to transmit information to the next generation...The major transitions in evolution all involved increased efficiency of storage and transmission of biological information.⁴⁰

Bringing entropy into the contemplation on value may help us to better grasp the significance of biodiversity without reducing ecosystem to input and output of energy and matter. We must be very careful about the economic modelling of ecology. If an economist says he or she is very interested with ecological problem, I would immediately turn away! If an ecologist says he or she is very interested with economic problem, at least be suspicious first.

Summary of Theory of Cooperative Surplus Theory

Let's give a summary before we go on.



Capitalist uses money (M) as capital to buy commodity C (including labor force) from the market, which is the product of previous production (P). Embodying a magnitude of value $= f(\Sigma p, Kp, Ep)$, the fruit of P is transformed into C and sold on the market for a price M. Now M is the cost of production P'. Let's say this does not involve speculation or play on information asymmetry. From $P \rightarrow P'$ the capitalist organizes production to add value on P. The added value is $P' - P$. This is added to the stock of social wealth as a whole. Then C' is put on market for sale. The realized profit is $M' - M$. There is correlation between $M' - M$ and $P' - P$. However, it is impossible to derive a simple arithmetical equivalence because from $P' - P$ to $M' - M$ it involves transformation of form from value to price. Let's say

$$M' - M = \lambda f(P' - P) \text{ where } \lambda \text{ is the coefficient of transformation}$$

In normal case, $\Sigma p' - \Sigma p > 0$ and $Kp' - Kp > 0$.

⁴⁰ Maynard Smith and Szathmary, *The Major Transitions in Evolution*, 1995.

However, $Ep' - Ep > 0$ usually means different thing at present general situation. We may envision someday there are ecological enterprises which create value by improving ecosystem or biodiversity. Nowadays, $Ep' - Ep > 0$ usually implies negative externality to ecosystem generated by enterprises, for example, pollution, appropriating natural resources without paying any cost, or biopiracy, etc. We may take a further step to conceptualize cyborg-economy (cyborgomy) after bio-politics. With general technological intrusion into life, the boundary between life and technology become increasingly blurred. Bio-technology generates economic value through modification of life-form. With aggressive genetic engineering, enterprises like Monsanto are already involving in cyborgomy. Some pharmaceutical companies are conducting research to make smart pills that change human physiology for better performance (thus generating greater economic value). It may be not too far-fetched to foresee someday human body will be profoundly transformed to facilitate optimal economic function.

In understanding surplus value, we should avoid methodological individualism. We must expand the notion of exploitation from individual capitalist vs individual worker to the collective level. Exploitation is uneven distribution of social wealth (created through cooperation) among communal members. There are three types of exploitation. 1. Absolute exploitation in which the exploited are living in subhuman mode and treated as simple means (rather than end in him or herself) to generate value for profit. The result is usually sheer pauperism. Slavery is the classical case. However, it still widely exists today in the South or the periphery: sweatshops in South Asia, agricultural slave labor in Brazil, fishery slave labor in Thailand; 2. Relative exploitation in which the exploited are living a more decent life and whose right is respected to a certain extent. 3. Captive exploitation in which alternative mode of existence is blocked from being explored and realized.

It is important to differentiate between two levels on which the movement of capital is realized. Market and enterprise are two very different social institutions, two different ways to organize human activities. Although enterprise is one of the major agents of market, it is not organized according to market principle. Within enterprise, the form of organization is hierarchy. There is no democracy and freedom is restricted within enterprise. Karatani is right to compare enterprise with state bureaucracy. Enterprise does not come into existence just to optimally reduce transaction cost. As the unit of capitalist production, it has well defined boundary of property right, beyond which the cost is externalized, within which the profit is optimized.

Non-speculative enterprises have to justify their existence by creating positive added value $f(\delta\sigma, \delta k, \delta e) > 0$ (or the promise of generating added value in the future).

However, no matter what sort of enterprises, capitalists have only one goal: generating profit $M' - M > 0$. Under modern ownership, it is ok enterprises keep losing money, for example, in the cases of dot.com bubble in the early 2000s and high-tech companies nowadays. Share-holders may bear with company losing money as long as they are confident with its potential growth. However, entrepreneurs themselves must make more money than they invest. (For example, the market price of their shares must be rising.) Otherwise, they will be doomed before long.

Therefore, capitalists are actually more concerned with optimizing their right to claim social wealth than generating added value. Again Marx is percipient:

Just because the money-form of value is the independent, tangible form in which value appears, the form of circulation $M - M'$, the initial and terminal points of which are real money, expresses most graphically the compelling motive of capitalist production — money-making. The process of production appears merely as an unavoidable intermediate link, as a necessary evil for the sake of money-making. All nations with a capitalist mode of production are therefore seized periodically by a feverish attempt to make money without the intervention of the process of production. (*Das Kapital*, Volume 2 Chapter 1, IV).

Beyond classical and neo-classical economics, Marx has already observed price is always deviated from value. Looking into the above diagram, it is comprehensible that deviation is natural because the value-price transformation proceeds back and forth on two levels.

Here we spot the fundamental contradiction of capitalism. Unlike previous social regimes, the dominant class in capitalism, aka capitalists, do not appropriate the wealth of social production directly by means of violence. Instead they involve themselves in a dog fight to optimize their right to claim social wealth. Whoever has money has the right and freedom to claim a portion of social wealth. Such is the institutional arrangement supported by a sophisticate conceptual regime and where the illusion of freedom is generated. Nothing is natural here. It requires heavily regulated social discipline and at the last analysis monopolized means of violence such as police and army. The contradiction lies at capital as a form of commons is fulfilling the social function of organizing production while its sole concern is to optimize its right to claim. Capital is in a perpetual struggle to expand its scope of power to mobilize resources (human and material) while shrugging off its social responsibility, usually by cutting or externalizing cost. Such is the paradox of enterprise as legal person, which claims full right but refuses to be confined by ethical responsibility as a communal member.

There always exists tension within and between these two realms: general organization for production by cooperation and exclusive competition to optimize

individual's right. The spontaneous order fancied by Hayek as a conceptual expansion of Adam Smith's "invisible hand" is somehow an ideological pipedream. What money represents is not transparent and equivalent exchange of goods and services behind its dizzying movement but rather the dog fight to maximize one's own right to claim. A person may not actually acquire as much non-monetary assets as one can. However, he or she will always strive to maximize his or her right to claim as much as possible. The mechanism of money supply by debt dictates the rate of increment of the magnitude of quantified right is always deviated from the growth of wealth stock and need of transaction it represents. Economic syndrome such as inflation and business cycle is inevitable.

A note on the "Transformation Problem"

A very controversial issue in Marx's theory of value is the "transformation problem" as argued in the volume 3 of *Das Kapital* which mainly deals with the problem of distribution of surplus value realized as profit among capitalists in different sectors. Competition and free movement of capital will make rates of return tend to converge into uniformity. Now if surplus value is the source of profit, then total profit should equal total surplus value. The problem is how surplus value is "transformed" into competitive price under uniform rate of return. Marx tries to give mathematical presentation on the problem. However, critics point out the mistake of his formulation and further assert that there is no mathematical function connecting total embodied labor and competitive price except in very special cases, which implies there is no logical deduction of price magnitudes from value magnitudes. Then a strong implication is made that Marx's theory of surplus labor value is invalid.⁴¹

So far no Marxian economist is able to give a convincing mathematical model on the "transformation problem". However Anwar Shaikh has presented statistical formulation to show the correlation between direct price and value. He believes classical theory of labor value is therefore more cogent than orthodox economics⁴². Chinese Marxian economist Li Chong thinks that the problem is not about the equivalence between total surplus value (measured in labor time) and aggregate price as expressed in money form. As long as total value equals to total price of production (both expressed as labor time), Marx's theory still holds up.⁴³

Now if we want to establish a theory of value of commons, how can similar transformation problem be avoided? The point is to not forget that by transformation Marx means the transformation of value form. As different value

⁴¹ See Wikipedia "Transformation problem" for a general introduction.

⁴² *Capitalism: Competition, Conflict and Crises*.

⁴³ Li Chong, *Value and Price*. Zhongshan University Press, 1989.

form is to be mapped onto different whole, the transformation between them does not proceed on a unified, homogenous space. We may need different mathematical tools other than what orthodox economics uses in order to give a formal presentation. The transformation problem controversy is somehow like putting Marx on a Procrustean bed to prove his inconsistency.

I hope to tackle this problem in a future essay.

To conclude this already too long essay, let me list out some observations on present global predicament, which I hope may help to envision better mode of existence alternative to capitalism.

1. Global Eco-deadlock : Top Elites indifferent to Ecological Crisis

Confronted with the global ecological crisis, a major reason of the failure to mobilize effective collective action is due to persistent asymmetry of power. It is futile to rely on universalist discourse to convince those elites to take action. Ecological crisis is usually addressed as a universal problem affecting humanity as a whole as if all human beings will be affected equally. But the truth is people are to be affected by very different extent. Those underprivileged and marginalized are hit hard most and threatened to get eliminated in the long run whereas the elites are confident they will always be granted with the priority to secure their survival. On the contrary, they can even make use of ecological catastrophe to further consolidate their power. Take the perverted concept of “carbon trade” as example. In their eyes, climate catastrophe is just a good opportunity to expand financial market.

However, when their own interests are really threatened, elites will act swiftly to shift the problem onto other's shoulders. For decades, top politicians across the world reiterated they did not have the financial resources to eradicate poverty by funding the somehow modest program of the United Nations. Yet when financial crisis struck, they took swift action and instantly created trillions out of nowhere to bail out their trouble (privatize commons and nationalize bad debt).

We are trapped in this eco-gridlock of inaction because of the fundamental asymmetry of power and highly uneven distribution of right in our political regime and money system. Democracy and finance are two great institutions serving to conceal the fundamental antagonism of capitalist society.

The true situation is nowadays the whole biosphere as the greatest commons is hijacked by capital elites. Capital now from inverse commons becomes negative commons.

Maybe the problem is not how to convince those power and money elites to take actions beneficial to all. Instead it is a matter of how to mobilize local actions

and take power back from the hands of elites. Ecological problem is always a political struggle infiltrated by class antagonism.

2. Commercialization of Social Commons

Capital has long history of captivating value-creation by enclosure of commons. It is more visible with tangible commons like privatization of resources and commercialization of public services etc. However, when it comes to less obvious enclosure of social commons, people become less aware and critical.

Internet enterprises like Facebook, Google and Youtube become the largest media companies in the world. However, they do not produce any content. Their profits depend less on exploiting employees than commercializing the social commons we create. They merely provide a cyber common space to attract us to co-create social commons. For example, Facebook makes profits by commercializing personal connectivity while Google information-sharing. However, they are far from neutral cyber space provider. On the contrary, they profoundly reshape our mode of social existence, many often in negative ways.

Other case is the so-called sharing economy turned into new profit-making model. On-line agents become some of the largest hotel groups in the world without owning a single hotel. Uber becomes a huge transportation company without hiring a single driver, not even necessary to own automobiles. It seems outmoded to critique this economy model based on classical theory.⁴⁴ They do not own the means of production. Seemingly neither do they appropriate employee's labor time. Their slogans are "capitalize your own asset," "be your own boss," "capitalize your free time".

Nowadays, it becomes increasingly difficult to draw a clear line between capital and social commons. We have to expand the definition of money and capital to categorize them as a very specific type of commons in order to critically identify their position in contemporary capitalist regime.

3. Super Financial Capitalism: Two Poles of the Global Debt Empire

We witness the ultimate internal contradiction of capitalism in super financial capitalism: the alienation of speculative capital from productive economy and even from itself. Now profit is not about the realization of created value in circulation of commodities but rather creation of hyper-inflated virtual value in its endless multiple self-referentiality. Super finance acts like a black hole. Capital seems to be collapsed by its own density, which Samir Amin calls the implosion of capitalism.

However, finance, dazzling as its forms may take, could never become a purely

⁴⁴ However, we may refer to the chapter of Piece-Wages in volume 1, *Das Kapital*.

virtual game. It must at the end rooted in real value. The essence of modern finance, as Michael Hudson points out, is rent-seeking through the accumulation of debt. Financial value, in the end, must rely on to what extent it can control us through debt. The value of a mortgage product in the last analysis depends on the property owner's willingness to work hard for 20 or more years to pay interest, even the mortgage product can be packed and re-packed endlessly. Finance becomes an improved form of slavery (debt peonage) based on the illusion of freedom, not to mention in history slavery was often the result of debt.⁴⁵ Finance motivates individual considering himself or herself free and autonomous agent in the game of finance. Žižek observes:

The biggest achievement of the new cognitive-military complex is that direct and obvious oppression is no longer necessary: individuals are much better controlled and "nudged" in the desired direction when they continue to experience themselves as free and autonomous agents of their own lives.⁴⁶ ('Happiness? No, Thanks!')

We don't need post-capitalist or fancy information/cyborg technology to witness the rise of cognitive-military complex. Finance is first of all cognitive. The power of finance lies at our willingness to self-imprison in well regulated mode of existence as free agents, our conviction that we are following our very authentic desire. Finance is ideology at its best.

And for capitalists, finance represents the ultimate dream of capital, the endless chain of money regeneration: $M-M'-M''-...M^{\infty}$, the final freedom from the drudgery of organizing economic activities. "Free at last, Free at last, Thank God almighty, we are free at last."

This double illusion of freedom is emperor's new clothes of power. Such illusion is possible only because of the essence of money and capital as commons. Money as well as capital is people's collective creation. However, social cooperation is so heavily mediated that the source of money's efficacy becomes so mystified. So much that people believe money has some mysterious power over them. It is similar to religionists building temple and believing that gods were dwelling in it. If financial capitalism would eventually break capitalism by its density, the kernel of debt bondage exposed, what we would witness may be a reversion to feudalism, which was a sort of contract relationship with rigid bondage. It takes little intellectual to see feudalism and financial capitalism are two forms of the debt empire.

But, alas, capitalism would not be crashed by super finance. In archaic world when society was crumbled by the weight of debt, cyclical Jubilee would write off

⁴⁵ See David Graeber, *Debt: the First Five Thousand Years*.

⁴⁶ <https://thephilosophicalsalon.com/happiness-no-thanks/>

debt and free people from the unbearable burden of indebtedness.⁴⁷ However, nowadays, it is the Lord rather than ordinary folk that is most heavily indebted.

Such is the true paradox of contemporary super financial capitalism. We see the two poles of Global Debt Empire. On one pole, we have the increasingly indebted non-elites. On the other pole, we see the more powerful an agent, the greater debt stock it can accumulate.

Now the most indebted body in the world is the USA having amassed a national gross debt of over US\$ 20 trillion, still climbing every second. Technically, the USA is insolvent. Nevertheless, no one would expect conditionality and stringent policy being imposed on the USA, as it was upon Latin American and African countries since the 1980s, which accounted for the lives of millions.

Once again, we see the ironic play of dialectics between quantity and quality. If you owe somebody a few millions, you become a sort of slave. However when you owe one trillion, you are the master (like the European kings and lords since the 12th century). If you owe 20 trillion, you must be the Lord of the Earth. The rich still rule over the poor. However, nowadays, on the global pole of Debt Empire, the lender is slave to the Borrower.

Of course, we know the debt the USA amasses is different in essence. It is in fact a sort of seignorage, the tax of minting the global currency of the world. The USA is the only country in the world capable of conducting foreign trade by merely printing dollar bill. Countries trading with the USA are demanding less on goods and services from the USA than the US dollar. Therefore US trade deficits are actually a sort of tribute other countries contributing to the Dollar Empire. The hegemony of the dollar becomes a global regime of rent-seeking by the USA. Of course, the dollar hegemony bears a heavy cost. The value of the dollar depends on three factors: first, and most importantly, US military might, by which the USA remains the order-maker/destroyer and game-setter of the world; second, the USA continues to be the source of innovation of capital added value, whose cutting edge over other countries is declining; third, the demand of US financial assets by other countries, which in fact is an extension of the previous two factors. Hence it boils down to one determining factor: US military presence over the globe.

Such is the Financial-Military Complex plaguing the world. All the major geo-political tensions and conflicts the world is now experiencing can be traced to the Dollar Empire struggling to maintain its power and crush down all potential challenge.

A global currency may be the very first global social common humanity as a whole has ever created in history. Unlike gold, the old global money, global currency

⁴⁷ Michael Hudson, *The Lost Tradition of Biblical Debt Cancellations*.

as fiat money is a purely social creation. However, as an inverse commons, it binds as well as divides people across the world.

Money, the binding commons as well as dividing power, whence capital, finance, and debt are derived. It connects and divides us. It drives and immobilizes us. It releases and enslaves us. It makes us coldly rational and vehemently insane. Its byzantine drama at the global scale makes Shakespeare's plays read like kindergarten story-telling. The only hope to break its spell over humanity is to look into its source of power: being none other than social creation, our alienated cooperative capacity at its apex.

4. From Exploitation to Expulsion: the implication of universal automation

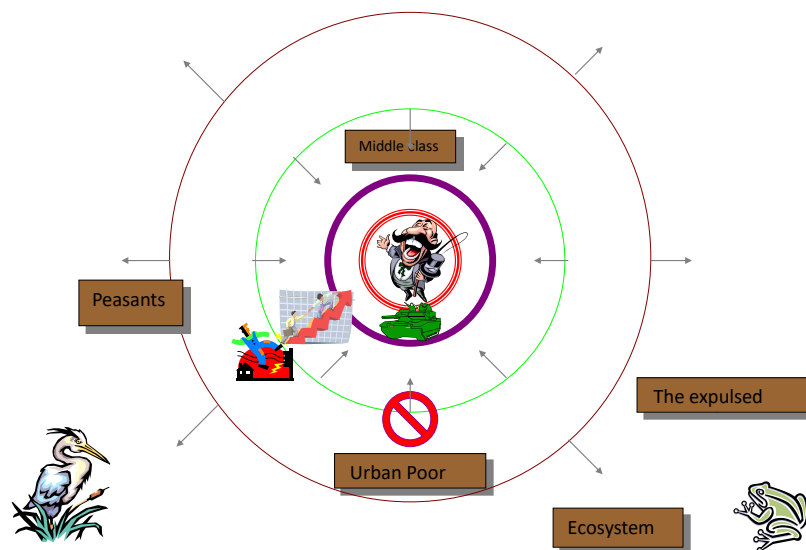
In the last decade, the major form of injustice in the world is increasingly shifting from exploitation to expulsion.⁴⁸ If you got a chance to be exploited, you have been luckier than many. For exploitation means uneven distribution of social wealth. But at least the exploited is still being included in the system. Now, the source of wealth accumulation for those economic elites is upright expulsion. The expelled are being expelled from access to basic resources necessary for subsistence with dignity, sometimes even survival. Of course, expulsion has always been a pre-condition of exploitation in history. The slavery of American aboriginals by the Europeans started from biological expulsion (physical extinction) of the former. Development of capitalism in England began with the enclosure of common land. We may argue about this phenomenon in two ways. On the one hand, the falling profitability rate of industrial capital is not necessarily leading directly to the collapse of capitalist mode of production. Expulsion is an effective way by economic elites reverting to super exploitation similar to the so-called primitive accumulation of capital. Now the closure of commons is a way to secure return rate of capital ("privatizing commons, nationalizing loss" model). A simple logic is to take a step backward expropriating resources without compensation and expelling those redundant population not necessary for exploitation.⁴⁹ Therefore, on the other hand, it may be argued the efficiency of exploitation now becomes so good that the number of exploited population necessary within an economic system is decreasing. In classical capitalist model, the realization of profit requires certain consumption

⁴⁸ Saskia Sassen, *Expulsions: Brutality and Complexity in the Global Economy*. Harvard University Press, 2014.

⁴⁹ This path of development is clearly seen in China. When manufacture and city-building required massive number of labors to be exploited, tens of millions of migrant workers were allowed and even encouraged to surge into urban sector for exploitation. Now when the profit rate of manufacturing is dropping and urban outskirt is expanding, land becomes valuable resource, those "redundant" population once exploited are simply being mercilessly expelled. A perfect example of different stages in capitalist exploitation model.

capacity of the population. That's why we had the Fordist model in which workers were paid with decent enough wage so that they can afford buying the products they produced. Now the productivity and economic efficiency is so good and consumption power can be easily generated by credit creation (debt). The number of consuming class remains stable while the number of exploited class is decreasing. Then it logical a portion of redundant population not needed for economic functioning should be expelled from the system. Now in a capitalist system we have the core power and money elites, the subordinate servant (the professional, army etc), the indebted consuming class (so called middle class), the exploited, and the expelled (including other creatures):

A Brave New World of Economic Apartheid



Two Contemporary Development Strategies

A decade ago, in World Bank's development literature, the term "Bottom of Pyramid" emerged. The idea is rather simple. The consuming power in advanced societies has been fully developed. The room left for further development is little. Now where to look for expanding space of profit-realization? Here enters the "bottom of pyramid" of the world population. Billions in the world are still earning a few dollars a day. As long as their incomes increase by a very modest amount, the growth in consuming power as a whole would be substantial. The Bottom of Pyramid market may inject new momentum into globalization. A good example is the booming low-end consumer market in Africa and India in recent years.

Interestingly, China's Belt and Road Initiative is in fact in line with this development strategy. In view of the world population as a whole, the capacity of industrial production has yet to be exhausted. Of course, whether the Earth's carrying capacity could survive with one or two more billions living the consumerist

ways is questionable.

Nonetheless, it is not hard to understand post-industrial advanced societies are not keen about the BoP market which is after all meaningful merely to manufacturing sector. In those post-industrial economies, only populist elites would claim to be interested with re-industrialization. BoP is first of all a somehow inclusive strategy whereas super financial capitalism is expulsive. The latter is mainly concerned with how to sustain the financial profitability in the core while expulsing as many redundant population as possible. Therefore, we are in fact witnessing two different capitalist strategies: traditional industrial capitalism and super financial capitalism.

General Automation: For Whom the Bell Tolls?

Since industrial revolution, people are constantly coming up with the vision that technology advancement will someday liberate human beings from the drudgery of work. In volume 1 of *Das Kapital*, Marx has shown that machine actually intensified labor's exploitation. In recent years, with the impressive development of Artificial Intelligence, the same fantasy is surging up again.

For example, a report indicates that by 2030 as many as 800 million employees world-wide could be replaced by AI or robots.⁵⁰ Some studies predict that nearly 50% of job types may be vulnerable to replacement by automation. And most interestingly, manual work is not the only category under threat. Among those endangered posts, we find middle-rank service sector and even professional, for example, customer service, business administration, legal consultant, information technology, science & engineering, healthcare, management, and teaching, etc. Even in financial sector, many traders have been replaced by automatic trading system. "Therefore, send not to know for whom the bell tolls, it tolls for thee."

Some futurologists claim it is good news, with the vision that human beings will be finally liberated from the drudgery of labor-intensive or unfulfilling works. People can instead be pursuing most creative and interesting jobs. However, they fail to mention that would imply a fundamental change in how social division of labor works, which may contradict one of the essential principles of capitalism: profit-realization.

Now if a significant number of jobs are replaced, how can the society create new job categories faster than the rate of old types being replaced? And what we need is not only new job categories but also those irreplaceable by AI, at least in one generation. Otherwise, job replacement would imply large scale increase in

50

<https://www.mckinsey.com/featured-insights/future-of-organizations-and-work/Jobs-lost-jobs-gained-what-the-future-of-work-will-mean-for-jobs-skills-and-wages>

unemployment rate. Then people may witness the general crisis in the realization of surplus value as profit.⁵¹

We may speculate about two possible scenarios. Actually, they are two different ways to “socialize” the fruits of automation. First, let’s assume the sacred principle of property right remains unchanged. That implies the technology, means and products of automation are private property. However a large number of the world’s population is being excluded from enjoying the fruit of automation because of job replacement. Meanwhile, the world’s natural resources continue to be intensively exploited for production. Consequently capitalists monopolizing means of automation would face the problem of difficult profit-realization through market because of dropping consumption power besides the capitalist class. Or they have to involve in dog fight competition among themselves. This scenario is concordant with Marx’s basic vision: capitalism will be contradicted by itself and debilitated by its own logic. However, we recall that the essence of profit is in fact a greater command of the right to claim social wealth. At the end, it is the command (power) rather than profit itself that really matters. Profit is just a means to the ends (power). Facing the contradiction between grasping greater command and profit-realization through market, what would capitalist class choose? The abolition of market may not be a very far-fetched scenario. We remember Braudel’s remark: capitalism is not necessarily friendly to market. Post-capitalist world may revert to archaic society with lords, subordinates, the underclass, and the expelled. Here a small group of capitalist-turned-lords monopolize the technology and means of production (automation). They need a certain number of subordinates to manage the automation and exploitation of natural resources. Some underclass may still be needed for base work. And most importantly, the lords still need real human beings for the irreplaceable satisfaction of social recognition.⁵² Finally there are redundant population expelled from the system.

Second scenario: a world-wide social revolution to socialize means of production by automation and distribution of wealth. Through collective struggle, means of automation become collective owned. The fruits of automation are distributed among social members as basic citizen right. Uncreative works like irreplaceable labor and the management of automation are being rotated among citizens as basic duty. Then people are spared with more times to develop their

⁵¹ It’s related to the classical problems of volumes 2 & 3 of *Das Kapital* which respectively deal with the profit realization and distribution of surplus value among social sectors, whereas volume 1 deals with the general problem of exploitation.

⁵² See Hegel’s master-slave dialectics in *The Phenomenology of Spirit*. The melodrama of fight till death for recognition is somehow not a general reality in history. The crux here is social-psychological satisfaction by other’s recognition.

creative potentials.

Sci-fi fantasy? Well, I am not sure. But one thing is certain: universal automation will fundamentally change our mode of social existence. It may eventually shake the very foundation of capitalism. But society would not evolve automatically. At every historical point of bifurcation, which direction to go is a matter of collective struggle.

5. Return to Use Value or Expanding Interactive Value?

A common idea of critical theory influenced by Marx is suggesting return to use value as if in the ideal society people would only produce for use value. Exchange value may become obsolete and even disappear. Interestingly, this position is actually more related to Aristotle than to Marx. In *Politika* Aristotle points out acquiring property is important for the maintenance of a family, which is a major task of *oikonomika* (the etymology of economy: household management, housecraft). He then differentiates between two sorts of “wealth craft” (chrematistic, the art of getting money or wealth). Natural possession of property for living is different from the pervert craft of making money for the sake of money through trading. In modern terminology, Aristotle would advocate use value and criticize the irrational exchange value.

And on the other side, we have post-Marxists who would emphasize exchange value instead of use value. For example, Jean Baudrillard, influenced by Mauss and Bataille, criticizes Marx’s “productionist” position and eulogizes in idiosyncratic way symbolic exchange. Kojin Karatani emphasizes mode of exchange instead of mode of production to develop a general theory of history.

I think what we should envision is not a simple return to use value. The notion of uncontaminated pristine state of use value without the distortion of exchange value is somehow like the idea of lost paradise. The society or community we envision is not a simple return to the idealized natural “primitive commune” before the rise of hierarchal complex society. As mentioned above, enlarged community requires idea to bind communal members together beyond blood-ties and clan. Human beings are never born individualist. They are naturally gregarious in community of limited size. However, enlarged community with members beyond instant acquaintance will bring estrangement. They need ideas to mediate social interaction between each other. Unless we could come up with a way in which the world population is regrouped into millions of small simple communities and these communities manage to live side by side peacefully rather than in the Hobbesian state of constant tension against each other,⁵³ then the crux is how to build an

⁵³ Despite general misreading, the unit of analysis in Hobbesian discourse is not individual but rather group.

equalitarian and non-hierarchical complex (or appropriately complex) society.

In history social hierarchy is concomitant with the emergence of complex society. Any complex society requires the mediation of ideas to bind social fabrics. And idea never exists as static concept. It always functions in social interaction. I think this is what early Marx refers to by “intercourse” which I’d call social interaction. Market exchange is merely a very specific and narrow type of social intercourse. By interactive value I mean those ideas or value systems which facilitate creative social intercourse. The crux is to expand the idea of exchange to interaction with wider social contextuality and higher degree of complex dynamics. That means if we want to envision alternative form of community or social existence, we also have to envision new ideas facilitating social interaction alternative to capitalist mode of existence, for example the ideas of compassion and sharing. Then our vision should not be a return to some pristine state but rather proceeding to expanded and “sublated” (*aufhebung*) state, the forms and contents of which are mediated by higher form of concrete and universal ideas. Communities would not live side by side harmoniously through some mysterious spontaneous order as imagined by leftist anarchists and liberal rightist. They must be bonded into singular-universal solidarity through ideas. Furthermore, there must be higher level of communality and even organization to keep these ideas concrete, efficacious and alive. Without such ideas along with persistent cautious practices, the Global Untied Res Publica⁵⁴ of millions of autonomous, equalitarian, appropriate-sized communities would be nothing more than a pipe dream.

6. Historical project X: the beginning of conscious History and the last enslaved Man and Woman

Universal philosophy/religion emerges with the idea of human beings as a collective whole, the opposites of which are belief systems demarcating people according to identities based on family, tribe, clan, race, language, culture, nation, etc. One of the visions of universal philosophy/religion is the total liberation of human beings, best expressed by Marx’s notion: “the categoric imperative to overthrow all relations in which man is a debased, enslaved, abandoned, despicable essence.”⁵⁵ Or better revised: the vision of total liberation is the categoric imperative to overthrow all relations in which human beings exist in a debased, enslaved, abandoned, despicable mode.

This vision of total liberation of human beings had different names in history: the Kingdom of Heaven on Earth, Mahayana, Utopia, communism, etc. Nonetheless,

⁵⁴ Latin: public matters, public affairs.

⁵⁵ Introduction to *A Contribution to the Critique of Hegel's Philosophy of Right*.

most of these names have become disgraced in some aspect for some reasons. To eschew the burden of limited and closed connotations, I'd simply call this vision "the Historical Project X".

Apparently, this total liberation requires certain level of universal abundance as material condition, which for millennia remained a remote dream. Until 50 years ago, it was somehow justifiable to deem ideal of this sort as unrealizable and utopian. However, now maybe for the first time in history, productivity advancement has granted us reasons to believe that poverty and other physical conditions of misery can be by and large eradicated in the world. We already have the material base to allow whole humanity living a decent life within the carrying capacity of ecosphere. The greatest obstacle is no longer material, but rather ideological or spiritual.⁵⁶ In a word, it is a matter of value. Do you prioritize your lust for material gains, grip of power and obsession with exclusive identity over other's dignity and well-being?

Realizable as it is, nevertheless, there is no historical or holy law to guarantee its coming into being. There is no intrinsic law to make it imperative that after capitalism falls total liberation must befall. Chances are after the unconscious collapse of present capitalism, society may revert to worse systems. Those who hold on to the vision of universal total liberation must be very brave. There is no bible or arch-text to rely on to give us guidelines. No promised land is looming at the horizon in the twilight of future. Holder of the vision may as well need Kierkegaard's leap of faith.⁵⁷ To have faith is to lose your cynical mind and to win the vision. By cautious, persistent and recalcitrant reflections and practices, we must keep this vision alive, generation after generation. For keeping this vision alive in our heart may be the greatest award itself.

At the last analysis, value is groundless, or at least partially groundless. Ecological value has some ground, for it is meaningless to pursue after unlimited greed for wealth and power while destroying the largest system that supports our existence. Nevertheless, the problem is, as mentioned, the elites are always self-assured that their survival is prioritized over other's. And sadly, we have no absolute ground to convince the elites that they should stop seeking unlimited drive for wealth and endless power grip at the expense of other's well-being. As a Nietzschean would say, Man is the bridge from animal to god. Man can act like an instinct-driven beast or a selfless sage. Human beings are equally capable of atrocity

⁵⁶ Consider this example: a financial institution announces a charity project. Whenever the footballers Lionel Messi and Neymar score one goal, it will donate certain sum of money to UNFAO program to supply food to 10000 children in poor countries. That means the health and well-being of 10000 kids is important enough to celebrate one goal of a football star! Such fabulous case is ethical obscenity and hypocrisy at its best.

⁵⁷ Interestingly, Karatani compares Kierkegaard's "leap of faith" with Marx's "fatal leap" of capital. See *Architecture as Metaphor*, chap 21.

and compassion. Both existential potentials are genetically hard-wired into our brains. All human behaviours have biological foundation. However, which choice to make in itself is groundless. That is why value is in the last analysis an ethical choice, which is the realm of freedom. Freedom is not doing whatever one wants, which is actually not different from instinct-driven impulse. Freedom is when confronted with two equally grounded options, one has to make a choice, where the opting itself is groundless.

Groundless as value is, critique of ideology is well grounded. Ideologues want to convince us that business as usual is the best option available to all. The pipedream that everyone can one day become a rich and successful entrepreneur is simply a blatant lie. The rule of the present game dictates that what one gains is often at the expense of others. The crux is to wake people up from that ideological dream. Then it becomes a matter of freedom to make ethical choice. Do you want to earn the one-in-a-million chance to become one of them by giving free rein to the elites depriving others' capacity? Do you want to earn the one in a hundred million odds to become a billionaire by giving free rein to money elites enslaving others, while you will most likely end up being the nuts and bolts of this value-squeezing machine? This is your freedom, but also your inevitable moment to make ethical choice, a realm exclusive to human existence.

History so far, except some rare moments, is mostly unconscious history, in which only a very small group of elites understand well what is going on in society. The rest are usually living unconsciously in habits as social somnambulists. Or in some special periods their heads become filled with rage, hearts with hatred, just like the global tide of right wing populism plaguing the world right now as a retrogressive reaction to elites. How to end these alternating states of historical somnambulism and reactive/retrogressive *ressentiment*?

Conscious history begins with expanding our awareness, by exposing the subtle mechanisms of power in economic, political, social and political realms, by waking people from ideological somnambulism, by pushing them to make ethical choice. Events are rare in history. They are the moments of confrontation between people having made different choices. I call it historical antagonism.

Whether social antagonism is a major driving force of historical development is an open question. However, its endless recurrence is not doubtful. We are far cry from the end of history because conscious history hasn't yet started. But we may envision the ultimate historical antagonism when majority of people on the planet will have made their choices. On one side you will see elites as well as those convinced by and succumbing to them, including those who choose to go on living in somnambulist mode. On the other side we have people who make the ethical and

hence political choice that all debased, abandoned, enslaved and despicable modes of existence should be abolished⁵⁸; who hold to the conviction that “the free development of each is the condition for the free development of all”⁵⁹.

Historical antagonism will not end until the last enslaved man and woman in whatever form are being liberated.

On the 200th Anniversary of Karl Marx’s Birth
2018. 5

⁵⁸ Of course, there will occasionally be the third side, those retrogressive populists. However, as shown in retrospect, they are just some dissonant passing notes, loud but counter-productive, in history. The reason is, being retrogressive, they are just looking back in history. As conservative reaction to neo-liberalism and globalization, right-wing populism is fraught with bad *ressentiment* (xenophobia, hatred, parochialism...) and unrealistic retrogressive dream of some good old days or pure uncontaminated culture/identity. Rightwing populists usually spot the root cause of problems but then instantly shift the struggle to the realm of culture, religion, race and identity-politics. They are counterproductive to solving the injustices they identify at the beginning. Retrogressive populism is an enemy no lesser than neoliberalism and authoritarianism.

⁵⁹ Marx and Engels, *Communist Manifesto*.