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Derivative Days:

Notes on Art, Finance, and the Unproductive Forces[1]

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Modern art has evolved with capitalism, always maintaining this antinomy: that it is both like and unlike a commodity.[2]

This development has taken a new turn today, when art, this singular type of commodity, has become financialized. It is now an increasingly popular asset class for financial investors who want to diversify their investment portfolios and is even traded by hedge funds. As a result, many sections of the art world have become more profit-driven; when something succeeds it does so increasingly through symbiosis with the market, and although such a situation may not seem new, overall this acceleration has brought about profound transformations in the way art is produced and disseminated as of late. Since the recent art market boom is, or was, a result of an immense expansion of the role of finance capital in the global economy, now that we are many months into a global credit crisis where the world's financial markets are contracting under the dead weight of previously unlimited credit expansion, the art world must hold its breath to find out what will happen next.

At the time of writing this chapter, Wall Street has recently bet on a 50 percent chance of a US recession, a development which by many accounts is already underway, while a recent Reuters article warns of the risk of a second Great Depression.[3] In the present era's post-Bretton Woods economic relativism (that is, with the controlled exchange rates of a gold-US dollar standard gone) we have seen an enormous expansion and recirculation of credit, for instance via leveraged investment (that is, investing with borrowed capital to increase returns), or through the securitization (that is, repackaging and trading) of all manner of debt, most infamously subprime mortgages whose losses were recently predicted to reach $400 billion by the G7 finance leaders.[4] The imprudent proliferation of such highly complex financial innovations has taken place off the balance sheet, in the ominously named "shadow banking system," utterly transforming the traditional banking system in the process. However, today a dearth of liquidity has dried out this network of leveraged trading channels and in so doing threatens to bring down the global economy. The ideal buoyant world where such repackaging of debt can go on ad infinitum has vanished, becoming one where trading debt is frightening (due to increased defaults on all kinds of debts caused by overextension of credit throughout the economy) and lenders back out. With the value of these traded debts undermined the intense complexity of such instruments has become a source of extreme anxiety since determining their value is often incredibly difficult. For instance, to accurately price one asset-backed security (ABS), rather than the general practice of relying on loose approximations it would take a specialist up to a week to assess its multiple variables.[5] As the outcomes of such staggering convolutions in debt trading shake up the global economy, the realm of derivative trading spreads risks around. Derivatives are financial instruments whose value is derived from the value of other things — often assets such as commodities, stocks, bonds, or they can be based on interest rates, exchange rates, indexes, or even differentials in the shipping and freight industries and indexes of weather conditions. These generally take the form of contracts whereby different parties exchange risk, diminishing it for one while allowing the other to profit from it. To summarize, all of these innovations amount to a wildly expanding gap between surplus value produced in the economy and claims on wealth, and one might argue that this expansion both coincides with, and in many ways propels, today's widening economic gap between rich and poor.

These new involutions and complexities in financial markets surely increase economic abstraction but what exactly is becoming more abstract? Can it be assumed that such conditions somehow transfer to the sphere of culture at large and more specifically to art? The abstraction of exchange originates in the advent of money as a means of relating separate individual interests. Money evolves in order to enable the exchange of commodities and does so by effacing their particularity, replacing it with an abstract equivalence, and thus reconciling, or at least externalizing, the contradiction between a commodity's use-value (its particularity) and exchange-value (its generalization through exchange). However, even though money initially develops in order to serve this purpose, it acquires an independence, as Karl Marx says in the *Grundrisse*, "it is an inherent property of money to…achieve independence from commodities; to be a means which becomes an end;…to make exchange independent of the producers in the same measure as the producers become dependent on exchange."[6] Just as here, through money, commodity production for itself becomes commodity production for the sake of accumulation (that is, the hallmark of capital: value valorizing itself) through the growing power of the art market, art trading finds its own self-valorizing dynamic of exchange for accumulation's sake. Will a similar qualitative shift occur in art and its market as well, whereby art's commercialization, financialization and professionalization turn it into something else entirely? Or has it already happened? If so, what is this something else? In today's fragmented, globalized, and networked art world, for some the answer might be communication or knowledge which, like money, enables relations. With its ascendance as asset class, this other money-like aspect of art, emphasized in much art production of the past, seems to have come increasingly to the fore today. Yet, if the focus is often on transmission itself, what are the means through which this occurs?

To answer this question, let us start with a patent trend in art today: the tendency to burrow deeper and deeper into art's own history, conventions or conditions of production, often reiterating and performing them as increasingly emptied out. Much art today reconfigures, reuses, and repurposes past cultural signs, from within or outside the field of art, and this is nothing new by any means. Art, like many other fields of culture today, takes part in a wide array of historical recycling, interminably pushing this reuse to the nth degree and, just when one thinks it can go no further, it continues unabated. This tendency has been discussed with great frequency as of late, for instance Nicolas Bourriaud dedicates much of his book *Postproduction* to describing it, stating that "the artistic question is no longer: 'what can we make that is new?' but 'how can we make do with what we have?'"[7] However, what is new about this lack of newness during the present moment is that today this type of appropriation can no longer be considered simply as a strategy (such as appropriation art in the 1970s and 1980s) because it has become such an entrenched common practice. Rita Ackermann references Hans Bellmer in her recent drawings, artists like Carol Bove or Steven Claydon mash together all manner of periods and references to earlier art or in a further turn, Pablo Bronstein brings postmodernist architecture's pastiche of earlier periods back into circulation. In his book *The Man Without Content*, Giorgio Agamben describes Hegel's reading of romantic aesthetics whereby the philosopher calls the self-reflexive and ironic appreciation of art as the content of art in modern aesthetic practice "negation that negates itself, a self-annihilating nothing,"[8] elsewhere bringing in a similar treatment to the equally ironic enjoyment of bad taste (and one could easily add to this list the popular practice of bringing back forms and styles that are outmoded). Yet it seems that such negations in aesthetic cultural practice often seem to extend art production ad infinitum much like those which expand the autonomy of exchange in finance as outlined above. These formal operations bear a striking similarity to financial derivatives in one particularly suggestive way: they derive their value from the value of something else. They depend on the reorganization of something already existing.

In order not to simply diagnose postmodernism all over again, we can update and differentiate today's condition by going directly to one of postmodernism's major theorists. In his text "Culture and Finance Capital," Fredric Jameson builds on his analysis of postmodern culture by examining the cultural products resulting from an era dominated by finance capital (written in 1996 when hallmarks of finance's current era such as hedge funds and derivatives really began to kick off). For Jameson, the real abstraction of capitalist exchange relations which pervaded all other social relations "had as one significant offshoot the emergence of modernism in the arts" whereby "modernism faithfully — even 'realistically' — reproduced and represented the increasing abstraction and deterritorialization" of capital.[9] However, he describes a marked difference today. Whereas the modernist avant-garde of the last century responded to a period of productivity in capitalism, our current economy is dominated less by production, and more by an intense expansion of finance capital. He calls this new set of conditions a moment when "capital itself becomes free-floating. It separates from the 'concrete context' of its productive geography. Money becomes in a second sense and to a second degree abstract (it always was abstract in the first and basic sense)."[10]

It is worthwhile examining the last part of Jameson's conclusions here. Indeed, the evolution of more complex, convoluted, and fictitious values within finance immeasurably expands the autonomy of exchange, giving rise to a new agency for circulation that would make a modernist's jaw drop. Yet money's fundamental abstraction has not changed. All these recent innovations, these notional instruments for generating wealth, grossly abstract the correlation between money (in the form of contracts, other titles to wealth, and so on) and value, but money still remains a third term mediating commodity exchange. As Marx said, it is a characteristic of money "to be an inherent quality of commodities while it simultaneously exists outside them."[11] In other words, money is both a tradable commodity and the mediator of all commodities. Money's condition of being simultaneously like and unlike other commodities (in this respect, it resembles art, or rather vice versa) is magnified in finance capital: the medium of exchange becomes an object of exchange, the contemporary reflexive action par excellence. The modes in which money can be expanded, proliferated, stretched, and layered are what constitute the newest stages of abstraction in finance capital. To return to money's original task of reconciling capital's contradictions, Marx says that "the further development of the commodity" into commodity and money "does not abolish these contradictions but rather provides the form in which they have room to move."[12] Indeed, global banking systems, finance capital, and its multiplied forms of credit would all fall into that category. Capital's contradictions are repeated once again on the level of the financial system, in the gross discrepancies between titles to wealth and surplus value produced.

Returning to Jameson's argument, one notices that it echoes various statements by Theodor Adorno on the connection between the social forces of production and art, for instance when the Frankfurt School philosopher says:

Although it appears to be merely subjective, the totum of forces invested in the [art] work is the potential presence of the collective according to the level of the available productive forces: Windowless, it contains the monad...He embodies the social forces of production without necessarily being bound by the censorship dictated by the relations of production...[13]

For Adorno, the forces available to production in a given period, which include both social and intellectual resources as well, also produce art and as such, those conditions appear in artworks. Like Leibniz's monads, there is no direct communication, "the artist works as social agent" while remaining "indifferent to society's own consciousness."[14]

In such a spirit, Jameson surveys the pop cultural landscape in his particular time of finance capital and sees in popular culture (specifically works such as Derek Jarman's *The Last of England*) a condensation of visual language predicated on the re-consumption of conventions and clichés. He sees reflexive aesthetic practices as obtaining a heightened abstraction corresponding to the ever-mounting abstraction of finance capital. For Jameson (here citing Giovanni Arrighi and Fernand Braudel) this expansion of finance signals capital's autumn (or at least one of them) whereby its prior productive expansion is drawing to a close, prompting capital flight of from the West;[15] however, the philosopher does not take these connections between finance and deindustrialization much further. This link is clarified by Marxist writer and activist Loren Goldner who sees the striking growth of finance capital, where immense profits are garnered through the reconfiguration of existing wealth, as achieved through capital's self-cannibalization of its prior productive expansion which he calls "a huge operation of credit pyramiding…aimed at preserving the paper value of existing titles to wealth, and a significant transfer of working class wages…to help prop up those titles."[16]

Here we begin to see that, beyond Jameson's argument, contemporary cultural practices also crystallize a wider economic and social condition of recursive reuse and repurposing which is coincident with the vertiginous complex configurations of exchange today. When we consider our present moment of finance capital we must keep in mind what accompanies this: decades of deindustrialization, privatization, and the constant devalorization of labor both in terms of real wages and the overall reproduction of workers' labor power (that is, through cuts to health care, pensions, rising costs of living and education), and overall neglect of those duties traditionally maintained by the state such as public infrastructure. In the US, the way in which the New Orleans working class was left to rot is one indefensible example of this latter phenomenon, along with countless others. The above is what Goldner describes as a condition in which capital no longer reproduces itself—that is, it is not paying the costs of its reproduction. This, Goldner says, amounts to a form of "primitive accumulation" or looting of the wealth that had in previous decades been invested in the forces of production.

In Goldner's own words:

When Western capital sucks Third World labor power, whose costs of reproduction it did not pay for, into the world division of labor, whether in Indonesia or in Los Angeles, that's primitive accumulation. When capital loots the natural environment and does not pay the replacement costs for that damage, that's primitive accumulation. When capital runs capital plant and infrastructure into the ground (the story of much of the U.S. and the U.K. economies since the 1960s), that's primitive accumulation. When capital pays workers non-reproductive wages (wages too low to produce a new generation *of workers), that's primitive accumulation too.*[17]

I am not the first to draw these connections between capital's looting of the forces of production and art. Rather, I first encountered these ideas in conversations with writers Benedict Seymour and Daniel Berchenko whose discussions centered on synthesizing Goldner's perspective regarding capital's non-reproduction with an Adornian take on the productive forces in aesthetics.[18] By grasping the fact that the looting of the productive forces happens across the economy and also in art, we start to get a fuller picture of the connections between reuse and reflexivity in art, on the one hand, and the increased abstraction of finance capital, on the other. It all hinges on continuous looting and emptying out throughout many diverse spheres of the economy. Such strategies expand and continue art production while — as Marx said of money and was suggested of finance above — giving art's contradictions room to move, not least those regarding its relation to the commodity. As a means to make new cultural products, the looting of one's cultural resources tends to exploit differentials that develop from one social and historical context to another — for instance the way that performance art comes back when performance is becoming a ubiquitous social condition, or how social relations in general, and of art production in particular (that is, Reena Spaulings, Cosima von Bonin, and others), become another material on the artist's palette when those relations have been, and are continuously, transformed through increased commodification. Marxist philosopher Alfred Sohn-Rethel comments that for the duration of a commercial transaction a commodity must be assumed not to age or deteriorate materially and that this conceptual suspension in abstract timelessness and immutability facilitates the fixing of a value for the commodity. Such "exchange abstraction," as Sohn-Rethel calls it, notionally freezes a commodity within its moment of exchange,[19] and though the philosopher never discussed this, it follows that lags and differentials in time and place come about, allowing for the possibility of their profitable exploitation. In fact, these form the basis for many financial trading practices. For instance, arbitrage is the practice of taking advantage of a price differential between two or more markets. In the yen carry trade (whose recent unwinding coincided with the earliest signs of the subprime crisis), investors take advantage of low interest rates in Japan to purchase other currencies yielding a higher interest rate and thus benefit from the difference. Structured investment vehicles (SIVs) manage the differentials between long- and short-term securities. On the other hand, cultural recycling within and beyond art plays and capitalizes on historical differentials in the suspended exchange-time of styles, concepts, and trends because changes in context and period between the first time a cultural material makes its appearance and its later reanimation (that is, the effect of historical distance) give those differentials value. Perhaps Adorno had an intimation of this when he said that "society 'appears' in art works…and is brought to a standstill in them."[20] One might argue that the very way in which past cultural products such as fashion items stand as a sign condensing the essence of a period attests to the fact that they represent not just a style but a frozen moment of exchange. It is even conceivable that were the social order not mediated through myriad exchange abstractions, in culture at large but also in art, there would be less necessity that everything must go out of style.

Jameson's notion of connecting such reflexive abstraction in art to finance can be developed by scrutinizing the financial practices themselves. While the trading of derivatives such as futures or credit default swaps allows investors to speculate on any type of eventuality, popular focus for such investment practices is betting on the movements of the market itself; that is, the potential ups and downs of various investments and market trends. In fact, in finance the indicators one uses to make investment decisions become themselves, through various instruments, objects of speculation. For instance, the VIX, known on Wall Street as the "fear index," is a measure of market volatility, of how investors will react, that in recent years has become something whose fluctuations can be bet on. It is effectively a way that the market profits from its own anxiety over profits, a means of 'playing chicken' with itself. Is this very different from a situation in which art, in dialogue with its own history and context, is increasingly looking to incorporate reflection on its own conditions into new production? A similar sort of reflexive bracketing happens when a contemporary artist says: "I am not making didactic or pedagogic art, I'm making work that reflects on its own didacticism." Or "I'm not simply painting, I'm making painting that through reiterating its conventions/history/presuppositions comments on/challenges those premises." Arguably, these types of operations bracket their object via the perception of a distance or disassociation in a similar way to the play of historical differentials inherent in cultural recycling. Perhaps this distance afforded by reflexive awareness is also influenced, to a certain degree, by practices of monetary exchange.

Much in the same way that a grappling with exchange abstraction can be seen in various modernist avant-garde works, we can see the present moment of capital in works such as artist favorite of hedge fund managers, Richard Prince's, reflexive cannibalization of his own joke paintings or Seth Price's reworking his previous videos, along with so many other examples in a similar vein. This goes beyond art practices that literally self-cannibalize, to the various manifestations of the imperative to continue art production through the reassessment, reuse, and repurposing of art qua art. For instance, Price's recent work seems to consciously emphasize such operations through using the stand-in of an internet image and performing multiple derivations from it: discarding the picture's focus and concentrating on its negative spaces, then dilating it through a complex design process for the purposes of "fabrication of a 'look and feel' that had not previously existed" (as stated in the press material for Price's current show at Friedrich Petzel in New York). Yet so widespread are such examples that it seems almost superfluous to cite specific artists. As with cultural recycling, it seems almost to form the ground or precondition for making art today. Reflexive amplification through aesthetic qualities of wrongness, failure, and bad taste can all become ways to reconfigure and reshuffle what already exists.

Pointing to these connections between art strategies and the configuration of contemporary capital is not to designate such operations complicit with capital's logic. What is being discussed here is a prevalent condition of contemporary life, and so it is likely that any art production today that could challenge these present circumstances will need to do so through a framework which addresses the self-cannibalization of culture today. This is not a call for a return to productive economic expansion, nor is it an appeal for art that reflects this. It would be as ridiculous to think that capital could reverse its dependence on finance as it would be to think that what are needed today are art forms that are somehow "productive." Since there is nothing new about these aesthetic strategies we've discussed, and since in this time when nothing is new it is only the vast preponderance of such strategies which is novel, it is simply worthwhile to try to discern and reject the reactionary aspects of this "making do with what we have" aesthetic while finding ourselves in these conditions.

Notes

1. This chapter was originally published in a longer version for a special issue of the journal *Texte zur Kunst* dedicated to "Abstraktion." Consequently the reader will notice that throughout the text I repeatedly return to the concept of abstraction and how it might be conceived in the context of art's relation to finance. Also, it is important to be aware that the discussion of finance in this text was written at the very early stages of the economic crisis. After this point, the economic crisis worsened and the financial system changed in response. See "Derivative Days: Notes on Art, Finance, and the Unproductive Forces," *Texte zur Kunst*, no. 69, March 2008, pp. 146–53.
2. See Stewart Martin on Theodor Adorno's discussion of the relation between art and the commodity. Stewart Martin, "The absolute artwork meets the absolute commodity," *Radical Philosophy*, no. 146, November/ December 2007, p. 18.
3. John Parry, "Depression risk might force U.S. to buy assets," Reuters, February 12, 2008, http://www.reuters.com/article/email/idUSGOR27660220080212?sp=true.
4. David Pilling, Jonathan Soble, and Gillian Tett, "Subprime credit losses forecast to reach $400bn by G7 leaders," *Financial Times*, February 11, 2008, p. 1.
5. John Dizard, "Useful strategy to take advantage of the Bear mess," *Financial Times*, July 10, 2007, http://www.ft.com/cms/s/0/4258d2f4-2e7d-11dc-821c-0000779fd2ac.html.
6. Karl Marx, *Grundrisse*, London: Penguin Books, 1973, p. 151.
7. Nicolas Bourriaud, *Postproduction*, Berlin and New York: Lukas & Sternberg, 2002.
8. Giorgio Agamben, *The Man Without Content*, Stanford: Stanford University Press, 1999, "On Bad Taste," pp. 18–20, "On Irony and Reflexivity," p. 55.
9. Fredric Jameson, "Culture and Finance Capital," in *The Cultural Turn*, London: Verso, 1996, p. 143.
10. Ibid., p. 142.
11. Marx, *Grundrisse*, p. 151.
12. Karl Marx, *Capital*, vol. 1, London: Penguin Books, 1990, p. 198.
13. Theodor Adorno, *Aesthetic Theory*, London: Athlone Press, 1997, p. 43.
14. Ibid.

15. Jameson, "Culture and Finance Capital," p. 142.
16. Loren Goldner, "Fictitious Capital for Beginners: Imperialism, 'Anti-Imperialism', and the Continuing Relevance of Rosa Luxemburg," *Mute*, vol. 2, no. 6, 2007, http://www.metamute.org/en/Fictitious-Capital-For-Beginners.
17. Ibid.
18. In his own writing, Benedict Seymour has commented that this condition of non-reproduction and repetition in art fits all too well with the economic instrumentalization of culture in the UK today under New Labour. Riffing on Marx's famous quote stating that "great world-historic facts and personages appear, so to speak, twice ... the first time as tragedy, the second time as farce," Seymour asks: "are we witnessing a 'non-reproduction' of the avant-garde, in which the critical resources of modernism, tragically entangled with the mythologies of statist socialism and fascism the first time round, are today repeated in service of the post-Fordist farce?" Benedict Seymour, "Sport, Art and the Non-reproduction of Culture," *Mute*, vol. 2, no. 8, 2008. One might add that Adorno, who theorized that "the new" in art is a crucial quality which links the artwork and the commodity and exchange, wouldn't have anticipated how instead "make do with what we have" has become the battle-cry of contemporary neoliberalism.
19. Alfred Sohn-Rethel, *Intellectual and Manual Labour: A Critique of Epistemology*, London: Macmillan, 1978, p. 48; pp. 7, 25, and passim.
20. Theodor Adorno, *Aesthetic Theory*, p. 236, London: Athlone Press, 1997.

A very modern example of art in action is street art. When the famous Italian street artist Blu created the mural in Kreuzberg, it sparked a lot of strong, different reactions that were rooted deeply into the differences between East and West Berlin. Who would have thought that a wall painting depicting two masked figures trying to unmask each other could illicit such strong reactions? Now the issue behind this mural is a totally different matter to discuss.Â There will always be debates about what art is and what is not. But no matter what the definition may be, it has been around us for as long as humans have existed (i.e. cave paintings, hieroglyphics). Whether or not we are aware of it, we allow arts to affect our lives one way or another, and the reasons why we make art are many!