

## ARTICLE

### **At the Intersection of Sovereignty and Biopolitics: The Di-Polaric Spatializations of Money**

Tero Auvinen, PhD from University of Lapland

**ABSTRACT:** The paper explores the incentive structures and the structurally rigid social hierarchies inherent in the polarizing logic of modern credit money and the mutual constitution of money's sovereign and biopolitical dimensions. It is argued that the monetary system constitutes a major transitory channel for the logic of financial capital to transcend the limitations of sovereign spaces and to transform itself into a biopolitical force. The relationship between the material and the subjective – or the sovereign and the biopolitical – dimensions of money is seen as di-polaric rather than di-chotomic – as a mutually constitutive whole between relational dynamics and the normalizing opportunity structures which govern such interaction. If the sovereign and the biopolitical dimensions of money indeed constitute distinct but inseparable moments of the same totality, there would appear to be more room for strategic combination of heterogeneous analytical practices in emancipatory scholarship than what some of the traditional notions of the epistemological politics of power and sovereignty might suggest.

**Keywords:** Money, power, biopolitics, governmentality, Foucault.

#### **Introduction**

Structurally rigid social hierarchies have sometimes been likened to a chessboard.<sup>1</sup> As long as the hierarchical logic of the board continues to structure social relationships, the argument would go, any attempt to achieve social change through the elimination of the ruling class would merely reproduce the structural hierarchies symbolized by the board. While a revolt of the pawns might change the specific individuals in the top of the hierarchy, escaping or modifying the structural logic of the board would require a radical reconceptualization of the desirable forms of social relations – a form of power that is capable of transcending the prevailing limitations of the board to modify its scope or content or to discard it altogether.

Foucault's "agonism" or perspectivism, in turn, invites each individual to confront power within a given multiplicity of strategic positions. Although power may be exercised rather than possessed, it is possible at any given point in time to focus resistance – or "a

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<sup>1</sup> Erik Olin Wright, *Interrogating Inequality: Essays on Class Analysis, Socialism and Marxism* (London: Verso, 1994), 1-2.

plurality of resistances”<sup>2</sup> – on specific institutions or individuals through which power operates. According to one interpretation, Foucault’s perspectivism could thus perhaps be compared to a chessboard where the rules of the game and the capabilities and identities of the different pieces are in constant motion: in order to obtain the privilege of being used by power in the most exclusive circumstances possible, each piece must engage in constant identity politics and struggle for alternative material practices to maximize her utility to power. Resistance may prove elusive precisely because power does not permanently reside in any specific piece or rule of the board: any act of resistance directed against specific institutions, individuals or “the mobile effect of a regime of multiple governmentalities”<sup>3</sup> may merely alter the multiplicity of strategic positions which provides some other institutions or individuals with the opportunity to be used by the most prestigious forms of power. In order to prevent the rogue subjectivities from escaping the structural racism of the normalizing state, “it is up to society and to the rules of the game imposed by the state to ensure that no one is excluded from this game in which he is caught up without ever having explicitly wished to take part.”<sup>4</sup>

The governmental logic of the economy – the precise kinds of rules of the game which could render the economy amenable to a Foucauldian analysis of power – is, however, never explained in more detail. In *The Order of Things* Foucault restates several times the analytical importance of money in the constitution and articulation of economic relationships:

The theory of money and trade responds to the question: how, in the movement of exchange, can prices characterize things – how can money establish a system of signs and designation between kinds of wealth?<sup>5</sup>

For its part, the theory of money and trade explains how any given form of matter can take on a signifying function by being related to an object and serving as a permanent sign for it...<sup>6</sup>

The theory of money and prices... unites into one and the same function the possibility of giving things a sign, of representing one thing by another, and the possibility of causing a sign to shift in relation to what it designates.<sup>7</sup>

Despite recognition of money’s analytical significance and examination of some aspects of its institutional evolution, there is no theory of money, monetary power, or monetarily mediated economic rules of the game in *The Order of Things* or elsewhere in Foucault’s work.

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<sup>2</sup> Michel Foucault, *The History of Sexuality, Volume 1, An Introduction*, translated by Robert Hurley (London: Penguin Books, 1978), 96.

<sup>3</sup> Michel Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-1979*, translated by Graham Burchell (New York: Palgrave Macmillan, 2008), 77.

<sup>4</sup> *Ibid.*, 202.

<sup>5</sup> Michel Foucault, *The Order Of Things: An Archaeology of the Human Sciences* (London: Tavistock Publications, 1970), 189-190.

<sup>6</sup> *Ibid.*, 202.

<sup>7</sup> *Ibid.*, 203.

This omission is highly significant in at least two respects. First, from the perspective of Foucauldian scholars the absence of a theory of monetary power raises the intriguing question on the impact that a more thorough theorization of money might have had on other areas of Foucault's work. As has often been pointed out, "In the most elementary terms, there are two distinct and incompatible theories of the origins, development and nature of money":<sup>8</sup> either money is an abstract claim which "requires its own social and political conditions of existence – most importantly, an authority – which are relatively independent of the sphere of exchange"<sup>9</sup> or a spontaneously emerging product of the market processes. In the former case monetarily mediated economic governance is feasible in theory, whereas in the latter case money cannot exert independent influence on the market processes. While it appears clear that Foucauldian accounts of monetarily mediated economic governmentality would belong to the former camp, the implications for some other central aspects of Foucault's work remain largely unexplored. Once it is agreed that "Money is a form of sovereignty, and as such it cannot be understood without reference to an authority,"<sup>10</sup> one may also start to question the feasibility of strictly periodized separation between different modes of power. If, for instance, it is agreed that monetary power presupposes sovereignty as a condition of its existence and that such power has become increasingly salient, the sovereign and the biopolitical modes of power would appear to intersect and interact in the present in a manner that may not be easily captured by some of the more traditional Foucauldian accounts.

Second, in the absence of a theory of monetary power – or any alternative theory of economic governance for that matter – it may not be entirely obvious what the empirical or wider analytical relevance of Foucault's theorization of the economy might be. Without a more explicit articulation of the "secret affinities" by which metals, stars, money or some other entities of presumed economic relevance "communicate with one another and are drawn together,"<sup>11</sup> the potential audience for Foucault's work would appear to be unnecessarily narrow. What is needed is a theory of the economy which reconciles the empirically observable patterns for creating and circulating money and non-monetary commodities with governmental and biopolitical accounts of the economy. According to one possible interpretation of the theoretical framework adopted in this paper, such an account of the economy could be created by extending the theorization of the mutual constitution of distinct but inseparable moments of the same totality into alternative fields of analysis: rather than viewing the sovereign and the biopolitical modes of power, for instance, in terms of a dialectical confrontation, these forms of power could also be seen as irrevocably intertwined and interdependent and thus potentially beyond the explanatory power of simplistic classifications based on their relative spatial or temporal dominance. While the reader may disagree with the chosen theoretical approach, merely questioning its faithfulness is unlikely to do a service to the Foucauldian analytical tradition. Paraphrasing Cohen's remark on monetary power, no true theory of economic governance may be said, as yet, to exist.

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<sup>8</sup> Geoffrey Ingham, "Further reflections on the ontology of money: responses to Lapavistas and Dodd," *Economy and Society*, Vol. 35, No. 2 (2006), 260.

<sup>9</sup> *Ibid.*, 261.

<sup>10</sup> Geoffrey Ingham, *The Nature of Money* (Cambridge: Polity Press, 2004), 12.

<sup>11</sup> Foucault, *The Order of Things*, 173.

This paper seeks to contribute to filling some of the aforementioned theory gaps by exploring the role of modern credit money – money that has to be borrowed into existence *against* interest-bearing debt<sup>12</sup> – as a structural force which shapes and reproduces social hierarchies – both the scope and content of the historically specific or governmentally contingent manifestations of the chessboard analogy – according to the overall strategy of power.<sup>13</sup> Modern credit money is conceptualized as a deterritorializing force, which produces “agentic subjectivities”<sup>14</sup> through the incentive structures and the structurally rigid social hierarchies that are inherent in modern monetary institutions. It is argued that the modern credit money system – and particularly the necessity to pay interest merely to keep money in circulation<sup>15</sup> – is a major transitory channel for the logic of financial capital to transcend the limitations of sovereign spaces and to transform itself into a biopolitical force. The formation of such constantly evolving biopolitical bodies temporarily emancipates power structures that are traditionally associated with state sovereignty from their territorial constraints. The resulting divergences between sovereign and monetary spaces provide a spectrum of opportunity for sovereign bodies to reterritorialize, reinstitutionalize and reinforce their power in line with the strategy of power. Drawing on Agamben, the relationship between the material and the subjective – or the sovereign and the biopolitical – dimensions of money is seen as di-polaric rather than di-chotomic – as a specific instance of “the logic of field... where it is impossible to draw a line clearly and separate two different substances” as “the polarity is present and acts at each point of the field.”<sup>16</sup> Hence both the sovereign and the biopolitical elements of money must be considered to capture the ongoing evolution of the structural pressures that shape and reproduce social hierarchies.

Research that combines insights from several distinct analytical domains or theoretical traditions is often justifiably criticized for neglecting relevant literature from all the respective fields. Given that one of the central aims of this paper is to demonstrate the feasibility of a monetary theory of economic governance rather than to recount Foucault’s work on money, the focus will be on the “technical” monetary side of the question. Nonetheless, space con-

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<sup>12</sup> This is the simplest and most parsimonious definition to demonstrate money’s impact on subjectivities, incentives, and structural social hierarchies. While several additions could be made to make the definition more “modern” – although perhaps never unambiguous or stable; see Tero Auvinen, *On Money* (Rovaniemi: Lapland University Press, 2010) – the main findings would remain largely unaffected.

<sup>13</sup> Colin Gordon has summarized the Foucauldian domain of the strategies of power as follows: “Whereas programmes/technologies of power have essentially to do with the *formation* of the social real, strategic activity consists in the *instrumentalisation* of the real... Strategy is the exploitation of possibilities which it itself discerns and creates... Strategy is the arena of the cynical, the promiscuous, the tacit, in virtue of its general logical capacity for the synthesis of the heterogeneous.” (Michel Foucault, *Power/Knowledge: Selected Interviews and Other Writings 1972-1977*, translated by Colin Gordon et al., edited by Colin Gordon (New York: Pantheon Books, 1980), 251, original emphasis)

<sup>14</sup> Michael Hardt & Antonio Negri, *Empire* (Cambridge, MA: Harvard University Press, 2000), 32.

<sup>15</sup> The interest payments required to keep money – or the mere capacity to monetize real assets – in circulation should not be confused with interest charges involved in the recycling of preexisting monetary balances between borrowers and lenders.

<sup>16</sup> Giorgio Agamben quoted in Ulrich Raulff, “An Interview with Giorgio Agamben,” *German Law Journal*, Vol. 5, No. 5 (2004), 612.

straints rule out the discussion of much of the voluminous literature on the political economy, sociology and anthropology of money, for instance. If this paper succeeds in convincing the reader of the potential governmental or biopolitical significance of money with the selected relatively narrow definition of credit money, it will have attained one of its primary objectives, which will permit subsequent analytical work to explore the governmental or biopolitical impact of different institutional configurations for money in more detail.

More generally, this paper indirectly attempts to raise a wider point on the epistemological politics surrounding “Foucauldian” scholarship. For someone who wrote books in order to transform himself<sup>17</sup> and “to have no face”<sup>18</sup> for the purposes of identity politics, is the appropriate methodological standard for assessing the extent to which any specific piece of academic work might constitute “Foucauldian” scholarship not at least partly procedural rather than static? In other words, is it not profoundly un-Foucauldian to confuse a methodological commitment to self-transformation with the specific outcomes of the finite number of self-transformations or overhangs of one’s personal discursive labyrinth that one’s lifetime and individual predispositions happened to facilitate? If Foucault’s published work is to be the only relevant standard of evaluation, it may be appropriate to add one more name to the long list of apparently misinterpreted scholars by pointing out that Foucault was not Foucauldian.

The argument of the paper is structured as follows. The first section reverses the Foucauldian tool box approach – applying tools, concepts and terminology from other fields to explain the mechanics behind one element of the Foucauldian analytical toolkit rather than the other way round – by examining the ontological origins of monetary power and the “technical” design features of money which permit monetary power to assume a governmental or biopolitical character. While the triangle of “sovereignty-discipline-government, which has as its primary target the population and as its essential mechanism the apparatuses of security,”<sup>19</sup> may be well known among Foucauldian scholars, the functioning of the precise apparatuses of security which allegedly facilitate economic governance of populations must be explicable also through alternative terminologies and conceptual frameworks in order to have wider relevance. Consequently, the aim of this section is to identify a concrete monetary mechanism for “the controlled insertion of bodies into the machinery of production and the adjustment of the phenomena of population to economic processes”<sup>20</sup> – a mechanism which should in theory be intelligible also to the economist and the political scientist in addition to the more familiar audiences in philosophy and sociology. The second section explores the structurally rigid social hierarchies inherent in the “technical” specifications of the prevailing forms of money. The third section starts to fit the proposed analytical framework on money into some post-structuralist accounts of power. The fourth section applies the structural incentives and decentralized human agency that are associated with the prevailing forms of money to the post-structuralist conceptualizations of Empire to suggest that immanent power may increase its perceived legitimacy and intensify social polarization within its sphere of influence through

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<sup>17</sup> Michel Foucault, *Power: Essential Works of Foucault, 1954-1984, Volume Three*, translated by Robert Hurley et al., edited by James D. Faubion (New York, The New Press, 2000), 239-240.

<sup>18</sup> Michel Foucault, *The Archaeology of Knowledge* (London: Tavistock Publications, 1972), 17.

<sup>19</sup> Foucault, *Power*, 219.

<sup>20</sup> Foucault, *The History of Sexuality*, 141.

an “open source” or an interactive process with its subjects. The essence of the argument is that structuralist and post-structuralist forms of power – the contending perspectives of the chessboard analogy – may be mutually reinforcing to an extent that many conventional accounts of the agency-structure antagonism may have failed to conceive. The final section concludes by pointing out potential complementarities between different theoretical and methodological approaches.

### **The Origins of Money’s Institutional Power, Multiple Potential Spatializations and the Capacity to Act as an Incubator of Agentic Subjectivities**

Conventional analysis of the politics of money has often focused on the types of sovereign actors that wield monetary power without elaborating on the ontological preconditions for such power to exist in the first place. It has, for instance, been suggested that “[o]ne of the hallmarks of national sovereignty through the ages has been the right to create money... The ability to create its own domestic money is the key financial distinction of a sovereign state.”<sup>21</sup> According to another articulation of the perceived association between monetary power and sovereign spaces, “[m]onetary power is a remarkably efficient component of state power... the most potent instrument of economic coercion available to states in a position to exercise it.”<sup>22</sup> While money is often explicitly recognized as a “weapon” in the economic “struggle of man against man,”<sup>23</sup> the precise mechanisms through which money may serve the objectives of power remain undertheorized. In the words of one observer, “no true theory of monetary power may be said, as yet, to exist.”<sup>24</sup>

In order to understand the ontology of monetary power – the ability to influence behavior through monetarily-induced transformation of economic, political or social opportunity structures – it is necessary to explain both the origins of monetary power in general and the factors which permit such power to assume a territorial, governmental or biopolitical character, i.e. the specific mechanisms through which the bare potentiality for monetarily induced and exercised power assumes the analytical characteristics attributed to the selected mode of investigation. If national currencies are indeed merely territorially branded representations of the same uniform and economically neutral monetary commodity which emerges through spontaneous market processes to *measure* economic activity as suggested by neo-classical economics and much of contemporary social scientific inquiry, analysis of monetary power is futile. As an “obscuring layer”<sup>25</sup> or a “veil”<sup>26</sup> of “real” economic processes which remain unaffected by the specific choice of the monetary media, political choices relevant to

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<sup>21</sup> Fred Hirsch, *Money International* (London: Penguin, 1969), quoted in Benjamin Cohen, *The Geography of Money* (Ithaca: Cornell University Press, 1998), 1.

<sup>22</sup> Jonathan Kirshner, *Currency and Coercion: The Political Economy of International Monetary Power* (Princeton: Princeton University Press, 1995), 29, 31.

<sup>23</sup> Max Weber, *Economy and society* (Berkeley: University of California Press, 1978), 108.

<sup>24</sup> Benjamin Cohen, “International Finance and International Relations Theory,” in Walter Carlsnaes, Thomas Risse & Beth A. Simmons (ed.), *The Handbook of International Relations* (London: Sage, 2002), 434.

<sup>25</sup> Paul Samuelson, *Economics*, 9th edition (New York: McGraw-Hill, 1973), 55.

<sup>26</sup> Arthur C. Pigou, *The Veil of Money* (London: Macmillan, 1949), 14. Both quoted in Ingham, *The Nature of Money*, 15.

territorialized or biopoliticized monetary power – such as any potential tendencies of states to expel all competing but presumably equally neutral measures of value from their territories – would be devoid of power considerations. After all, an “obscuring layer” by definition cannot transform economic spaces through the alteration of transaction costs or any other mechanism that could influence the real economy. Even if the specific aspects of the institutional design of money which facilitate the conversion of a presumably neutral technical device into an instrument of power projection could be identified, a theory of monetary power that views states as the primary actors would also have to explain the precise mechanisms through which states manipulate the power-enabling technical design features of money to achieve their territorial or biopolitical objectives. There would be ontologically nothing “monetary” about forms of power which originate outside the monetary system and manifest themselves through money in precisely the same manner as any other social institution that is perceived to be a mere neutral conductor of exogenous power relations. The possibility of territorialized or biopoliticized monetary power is thus first and foremost a question of the extent to which the “technical” specifications of money facilitate the transformation of economic, political or social opportunity structures in a manner that is conducive to sovereign power’s territorial or biopolitical objectives.

If the same ontological criteria for identifying the exercise of power may apply to virtually any mechanism which permits the controlled transformation of the relevant agentic opportunity structures, is there something in the institutional design or the social roles of money which could explain the historical or governmental significance of monetary power projection? The precise role that money has played in state building or other forms of economic, political or social power projection has often been analyzed in detail. As Helleiner has observed, “the construction of territorial currencies was an intensely political process involving domestic and international struggles over issues such as the nature of state building, the construction of national identities, the proper scale of markets, and the implementation of competing market ideologies.”<sup>27</sup> Yet it is not obvious why a presumably neutral facilitator of multilateral exchange could shape such a wide range of political objectives – let alone have a comparative advantage over alternative institutional tools for the transformation of social realities. The infrastructures for production and exchange involve a virtually infinite set of technical arrangements designed to facilitate certain parts of the transactions. Why has money proven to be a more effective instrument for the consolidation or projection of state power than many other elements of the infrastructure for production and exchange? Why have states not been equally prone to use, say, territorially branded information systems for creating political communities or geographically delimited logistics networks for shaping national identities or the proper scale of markets? Which elements in the institutional design of money confer its political powers – the power to transform agentic opportunity structures more effectively than many alternative “technical” features of the prevailing infrastructures for production and exchange? Once these powers are actually used, should money still be regarded primarily as a facilitator of multilateral exchange with unfortunate but inevitable

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<sup>27</sup> Eric Helleiner, *The Making of National Money: Territorial Currencies in Historical Perspective* (Ithaca: Cornell University Press, 2003), 2.

political side effects, or perhaps as an instrument of power projection that happens to fulfill some of the technical functions commonly attributed to the hypothetical notion of politically neutral money? While widespread agreement on the nature of money may be neither necessary nor sufficient to understand the nature of monetary power, each contending perspective on the ontology of money needs to address these questions if monetary power is to be regarded as materially different from the power dimensions involved in other stages of production and multilateral exchange.

What sets money apart from other technical facilitators of production and exchange is its institutional capacity to obscure and legitimate the transformation of economic, political and social opportunity structures. Any potential discrepancy between the notion of money as a neutral facilitator of multilateral exchange – whether understood as a purely hypothetical concept or as a theoretically or practically feasible policy target – and the actual rules and norms governing the issuance and circulation of money will have two consequences: (1) it is no longer multilateral barter that money is mediating, but a form of exchange which is partly defined and constituted by the kinds of money that are used, and (2) money becomes a governmental mechanism and a potential tool of biopolitical production: the logic of the socially constructed accounting system of money no longer equals the logic of undistorted multilateral barter, producing subjectivities which draw their views on what ought to be economically feasible, desirable or “natural” from the distorted monetary logic rather than from the logic of undistorted barter. For the purposes of this paper it may be unnecessary and potentially counterproductive to seek a higher degree of unambiguity or definitional particularity than what is accorded by the conventional definition of bio-power as “the set of mechanisms through which the basic biological features of the human species became the object of a political strategy, of a general strategy of power.”<sup>28</sup> Consequently, rather than adopting a single definition for contested concepts such as bio-power or biopolitics, the reader is invited to reflect upon the conditions under which specific definitions of controversial concepts could potentially fall outside the scope of the monetary analysis presented in this paper. In other words, rather than joining the “narcissistic self-contemplation”<sup>29</sup> of some of the prevailing institutions for academic knowledge production/preservation by lamenting the “automatic and unreflective use”<sup>30</sup> of selected concepts such as biopolitics while regularly overlooking similar treatment of alternative concepts such as money, the burden of proof for transgressing the alleged definitional integrity of any specific variant of biopolitics is left to the reader: why precisely is the analysis of the monetarily induced transformation of agentic opportunity structures presented in this paper inconsistent with any specific mechanism to regulate life, death, livelihood, or whatever it is that the specific view on biopolitics regards as its central object or mode of analysis?

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<sup>28</sup> Michel Foucault, *Security, Territory, Population: Lectures at the Collège de France* (New York: Palgrave Macmillan, 2007), 1.

<sup>29</sup> Mary Douglas, *How Institutions Think* (Syracuse: Syracuse University Press, 1986), 92.

<sup>30</sup> Paolo Virno, *A Grammar of the Multitude* (Semiotext(e): New York, 2004), 81.

While the number of distortions that a dominant authority can introduce into the monetary system is potentially infinite,<sup>31</sup> two elements of this transformation of a presumably mundane infrastructural facilitator of multilateral exchange into an instrument of power projection may be particularly illustrative here. First, the widespread misconception that money constitutes the credit of the issuing authority – as opposed to the members of the monetary space – allows the issuing authority effectively to write checks on behalf of the members of the monetary space. It has sometimes been suggested that “everyone can create money; the problem is to get it accepted.”<sup>32</sup> Although technically incorrect – something that is not widely accepted hardly qualifies as money in the first place – the observation does draw attention to what it means to “get money accepted” in the context of non-intrinsically-valued currencies. When a central authority with taxation powers is asking an individual to recognize its credit notes as money, it is in fact asking the individual to recognize the authority’s debt *as her own*. While the belief that the issuer of such credit notes has the obligation to redeem them for goods and services upon demand may help to induce wider acceptance and thus facilitate the monetization process, the issuer often has no other “backing” for the value of the currency except its capacity to act as a coercive clearinghouse between the members of the monetary space: the goods and services that “back” the value of the currency must always be extracted from some *other* members of the monetary space rather than being provided by the issuer of the currency.<sup>33</sup> This may become abundantly clear at times of monetary crises. If a sufficiently large number of the members of a monetary space attempt to convert their monetary IOUs into real assets or convertibility is questioned for some other reason, all potential losses accrue to the members of the monetary space while the central authority that has acted as the

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<sup>31</sup> The intention is not to imply that money would be neutral in the absence of authoritatively introduced distortions. To the contrary, the self-referentiality of money may well be irremediable (see Auvinen, *On Money*). Nonetheless, in order for money to constitute a useful governmental mechanism or tool of biopolitical production, there must be some order in the distortionary anarchy of money – some institutional regularities which render money more than a mere random transformer of social relations and permit an identifiable monetary logic to take over the process of modifying agentic subjectivities and opportunity structures.

<sup>32</sup> Hyman Minsky, *Stabilizing an Unstable Economy* (New Haven: Yale University Press, 1986), 228, quoted in Stephanie Bell, “The Role of the State and the Hierarchy of Money,” *Cambridge Journal of Economics*, Vol. 25, No. 2 (2001), 150.

<sup>33</sup> A crucial distinction compared to a conventional clearinghouse is, of course, the state’s capacity in many cases to regulate both sides of the transaction – to determine the supply of money through its control of money creation and to influence the overall demand for money through taxation, among other things. While the bulk of money creation is outsourced to the banking industry, often supervised by an “independent” central bank presumably removed from the realm of politics, the incidence of taxation is typically determined by the state itself. A not entirely dissimilar governmental impact could be produced by precisely the opposite institutional arrangements: the power to determine the size and the incidence of taxation could be outsourced to a profit-maximizing private industry, while the nature and amount of money to be created and its initial distribution would be subject to political scrutiny and debate. It may not in practice make much of a difference whether “economic” reality is distorted by a private industry’s profit-maximizing manipulation of money creation or a private industry’s profit-maximizing abuse of its taxation powers. The fact that the former practice rarely attracts critical commentary while the latter would be likely to invite more widespread scrutiny tells more about the social construction of the economic reality than any features allegedly internal to its logic.

clearinghouse loses nothing. The assertion that “the creation of money is a two-sided balance sheet operation”<sup>34</sup> is thus of little help in determining whose assets are ultimately transferred to whom as a result of money creation.

In a non-intrinsically-valued monetary system the monetary role of the state may thus not be entirely dissimilar to a market-maker which stands ready to extract the amount of goods and services determined by the social struggle between borrowers and lenders in exchange for state-branded but citizen-backed IOUs. If the individual Smiths and Joneses who make up the economy do not willingly redeem all the newly created IOUs effectively issued in their name by the banking system, the state may redeem the notes on their behalf to protect the value of the currency and either collect taxes or accumulate public debt – both ultimately payable by the same Smiths and Joneses – to “balance” the transactions. In other words, instead of the central bank promising to pay on demand the bearer of a ten pound note ten pounds – essentially an identical copy of itself or the corresponding amount in other denominations – the text on the note might as well read as follows: “Mr. John Smith [or any other individual selected based on the results of the social struggle for control over the state’s monetary and coercive powers] promises to pay the bearer on demand ten pounds. If Mr. Smith fails to meet his obligation, the Government of England pays the bearer on demand ten pounds and adds the sum to Mr. Smith’s tax liability.” Such a payment may involve a reduction in the bearer’s tax liability, in which case the payment consists of the goods and services that the bearer is not required to provide to the government, or the provision of goods and services that the government has extracted from other members of the monetary space. Provided that Mr. Smith consents to such an arrangement at all – the chances are that he would not if he understood the logic and was able to endure the violence that has historically been associated with the sovereign’s monetary trust-building projects<sup>35</sup> – he would be well advised to demand the government to deliver all such notes that it may issue from time to time directly to him rather than spending them into circulation at will. If all newly created monetary media were automatically delivered to the members of the monetary space debt- and interest-free – or if the powers of money creation or money’s debt-activatable potentiality were evenly allocated among the transacting parties – the members themselves would largely determine the spatial characteristics of the networks of exchange that would emerge as the government would have to transparently justify each public spending proposal to the electorate *before* being able to, for instance, spend the members’ IOUs abroad to finance its military adventures. In the absence of such policy constraints originating from the members of the monetary space, it is the issuing authority which largely determines the governmental characteristics of the monetary networks of exchange rather than some illusory notion of “trust” between individuals who happen to be subject to the same monetary central authority’s power projection.

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<sup>34</sup> Bell, 150-151.

<sup>35</sup> Some of the early monetary authorities, for instance, found it necessary to impose severe penalties such as fines, flogging, burning foreheads with coins or destroying crops that allowed self-sufficiency to induce the adoption of their specific versions of monetary neutrality (e.g. Ingham, *The Nature of Money*, 2004; Randall Wray, *Understanding Modern Money* (Cheltenham: Edward Elgar, 1998)).

Second, the practice of issuing money *against* interest-bearing debt effectively gives the issuing authority – or the private entities of its choice – control and ownership over the money supply. Irrespective of whether modern money is conceptualized as debt, a commodity, intrinsically worthless symbols of abstract value, or something else, it can hardly be disputed that most of it enters into circulation against interest-bearing debt through the commercial banking system. If the issuance of money automatically involves the creation of borrower IOUs that exceed the value of the money that is put into circulation – i.e. the total loan plus interest payable by the borrower exceeds the value of the monetary IOUs that the banking system creates in the process – the issuers can gradually increase their control over economic activity within a given monetary space that effectively lacks a permanent money supply or capacity to monetize real assets. Thus, the price of membership in a given debt-based monetary space, far from providing a neutral solution to the problem of double coincidence of wants, may approach infinite for a substantial portion of its members in the form of interest payments on unrepayable loans. The requirement to borrow the bulk of the money supply into existence against interest-bearing debt substantially diminishes the amount of coercive authority that an individual must consent or submit to in order to become a viable subject of monetary power projection: as long as the debt contract establishing the individual's responsibility to repay a larger amount of money than was created in the "lending" process is adhered to, the individual's territorial location or the local cultural or institutional intricacies do not significantly alter the type of monetary power that is being projected by the issuer of the currency.

The monetary distortions of the logic of multilateral barter exemplified by these two institutional aspects give money both a material and a subjective – or a structural and a post-structural – character. Gilbert, for instance, has cogently argued for

the necessity for drawing out the paradoxes of money as always a symbolic referent, a social system *and* a material practice. The symbolism that money represents defines and limits what money can be and can do, just as the forms that money assumes resonate in terms of what functions money can perform or what kind of symbolic power it can represent. Neither dimension is sustainable without the other.<sup>36</sup>

The material and the symbolic or subjective dimensions of money are mutually constitutive and in constant interaction with each other, whereby "A constant interplay between techniques of power and their object gradually carves out in reality, as a field of reality, population and its specific phenomena."<sup>37</sup>

As a material practice, modern credit money contributes to persistent structural social polarization regardless of skill or productivity differences. At any given point in time the monetary system as a whole is technically insolvent, i.e. liabilities exceed assets.<sup>38</sup> Such a

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<sup>36</sup> Emily Gilbert, "Common Cents: Situating Money in Time and Place," *Economy and Society*, Vol. 34, No. 3 (2005), 361, original emphasis.

<sup>37</sup> Foucault, *Security, Territory, Population*, 79.

<sup>38</sup> For the sake of simplicity the example given here involves a situation in which the entire money supply has to be borrowed into existence against interest-bearing debt.

situation could not arise just by the members of the monetary space issuing monetary IOUs to each other, as the valuation of such IOUs would automatically involve any possible interest payments – the monetary value and the credit value of the IOUs would be equal by definition. The systemic insolvency arises from the requirement that the members of the monetary space must incur interest-bearing debt as a precondition for “issuing” or accessing monetary IOUs, which do not include the interest portion of the debt against which they have been created.<sup>39</sup> Consequently, the monetary system itself constitutes a powerful mechanism for upward redistribution of wealth. The main beneficiaries – “[t]he lock-in between the political, legal, banking and institutionalized monetary system”<sup>40</sup> – accumulate resources through compound interest on unrepayable debt required for the mere existence of money, while the overwhelming majority of the population remains permanently exploited through interest charges included in the price of virtually every good and service in the economy.

As an incubator of agentic subjectivities, money – or, more precisely, the conditions under which a sovereign authority is allowed to create IOUs on behalf of the members of the monetary space – may have a profound impact on the cognitive frameworks that guide each individual’s identity formation, self-conception and capacity for self-actualization and autonomous agency in social relationships. Money’s symbolic impact extends far beyond

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<sup>39</sup> For the purposes of this paper, the impact of more “modern” forms of credit creation can be compared to any other activity aiming to extract monetary balances from other members of the monetary space and thus forcing someone else to default on their loans – with or without the rat race to borrow against all conceivable forms of collateral until the credit bubble bursts and real assets are redistributed. Although the engineering of ever more sophisticated derivative instruments, for instance, may help certain individuals to achieve positive monetary net worth at the expense of other members of the monetary space, such engineering per se is not responsible for the structural necessity of the zero-sum competition for positive monetary net worth. The interest-bearing debt against which the more conventional forms of money are created remains the amplifier through which the economic, political and social implications of newly conceived forms of money largely materialize. In an economy with a sufficient debt-free, permanently circulating money supply, for instance, “banks” might be either money warehouses – providing safekeeping and payments services for funds that remain outside their own bookkeeping – or matchmakers between borrowers and lenders of preexisting monetary balances – a relatively straightforward task that could also be performed by a wide variety of market arrangements, lenders’ or borrowers’ cooperatives or virtually any middleman with competitive risk assessment skills and perhaps some established avenue for rebranding repackaged securities as being beyond their true value before they are sold to investors. Under such circumstances financial engineering would have only a limited capacity to endanger the stability of the entire financial system and banks could relatively freely bankrupt themselves through the method of their choice without the rest of the economy having to worry about the costs of bailouts or potential system-wide impacts. In contrast, once the monetary system has been rendered structurally insolvent through unrepayable interest-bearing debt – the community’s money supply and division of labor effectively being held hostage to the banking system’s economic and political strategies – it may not be an exaggeration to view financial engineering as a potential source of, in the words of Warren Buffett, “financial weapons of mass destruction” in terms of its potential systemic impact. Nonetheless, as financial engineering remains a specialized technique to take advantage of the structural amplifier of unrepayable interest-bearing debt, it is not obvious that its distributional impact will be much of a novelty as long as the overwhelming majority of the population remains confined to the logic of more conventional forms of unrepayable debt.

<sup>40</sup> Bernard Lietaer, *The Future of Money: A New Way to Create Wealth, Work, and a Wiser World* (London: Century, 2001), 14.

nationalistic iconography. A requirement to borrow one's own IOU's into existence from the central monetary authority or the private agencies of its choice, for instance, instills a mental model of artificial scarcity for guiding agentic behavior. Opportunities for engaging in social relationships involving some of the technical functions of money may be relatively plentiful in real terms, yet the monetarily institutionalized and enforced *belief* that the feasibility of such relationships requires the borrowing of monetary IOUs at interest from a central authority profoundly transforms the dominant interpretation of economic, political and social opportunity structures. As one local currency activist has observed, "[t]he real price we pay for money is the hold that money has on our sense of what is possible – the prison it builds for our imagination."<sup>41</sup> In case of a conflict between an individual's organic subjective beliefs and the prevailing logic of the socially constructed accounting system of money, the individual will have to either readjust her subjectivity in accordance with the rules governing the production and circulation of money or adopt a parallel subjectivity that, while being perceived as implausible, undesirable, or both, nonetheless facilitates participation in social interaction involving some of the technical functions of money. The monetary system's influence on subjectivity is ontologically and epistemologically dominant in the sense that no amount of knowledge claims conceived outside of the monetary logic – whether in the natural sciences, ethics, heterodox economic analysis, or some other cognitive framework – can challenge the monetary logic's primacy in regulating monetarily mediated social relationships. Any specific individual may be perfectly free to raise protest on the basis that a given conceptualization of money violates the natural laws, ethical principles, economic efficiency or any other self-referential – from the perspective of the monetary logic – field of knowledge. Such views, particularly when uttered in contexts other than monetary, may in fact enjoy relatively widespread recognition in their respective fields. Yet every individual who wants to escape the life of an autarkic fugitive beyond the taxation powers of the state must subject herself to the subjectic engineering through the use of the prevailing forms of money – no matter how inefficient, inequitable or implausible.<sup>42</sup> While the most obvious source of such engineering is any potential disparity between the rules governing the production and circulation of goods and services, on the one hand, and the monetary media, on the other, the precise manner in which financial capital is socially constructed can never be neutral with respect to the types of subjectivities that the logics and incentive structures inherent in each historically specific or governmentally contingent monetary system produce.

At the most basic level, the autonomous healing of a monetarily damaged subjectivity may be prevented by a true belief in the accuracy of the socially constructed accounting system of money in capturing the full range of technically feasible opportunities for social interaction involving some of the technical functions of money. An individual might in theory truly believe that the socially constructed rules for the issuance, subsistence, circulation and extinction of money accurately reflect the physical production opportunities in the real world, although

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<sup>41</sup> Edgar Cahn, quoted in *Ibid.*, 146.

<sup>42</sup> Although there is ontologically nothing monetary about the state's capacity to appropriate real resources, taxation constitutes one of the main mechanisms through which the power-enabling institutional features of money are enforced.

there is little evidence that such correlation was ever intended to result from the technical specification of money in the prevailing manner in the first place or that implementing such correlation will ever be technically feasible. This position requires genuine faith, among other things, in the proposition that money is typically designed to *measure* monetary power exercised by others rather than to *project* power to the benefit of its creators or managers. In other words, in order to assess the relative merits of this view, one may think of the odds that all the coercion, institution-building, and power projection associated with the creation and the ongoing circulation of territorial currencies has been motivated primarily by the desire to *measure* economic interaction – to expel all competing measures that presumably would have been equally accurate and neutral from one’s territory – as opposed to some of the alternative power-based explanations. The questionable intrinsic merits notwithstanding, the implicit notion that the social weapon of money is constructed merely to measure power projection by others remains widespread. One of the dominant manifestations in academia is perhaps the tendency to undertheorize the political significance of debt merely because all money may be conceptualized as debt.

At another level, an individual may be relatively well aware of the socially constructed nature of money and the economic indeterminacy that such realization brings about, but subjectivity nonetheless may continue to be transformed by the structural mechanisms through which the artificial scarcity is managed. Although the socially constructed accounting system of money is correctly seen as reflecting power more than the actual physical constraints on economic activity, realization of the sheer magnitude of power concentration that the management of scarcity through debt-controlled money supply implies may produce distinctively opportunistic and focused subjectivities. For those who are excited by the enhanced opportunities for socially protectionist Darwinism – essentially uncontested economic, political and social domination behind structurally protectionist rules of the game – this realization may bring hope of achieving their goals without the inconvenience of having to continuously prove themselves in a Hobbesian social world of all against all. For just about everyone else – including diverse groups from egalitarians to libertarians – the debt-based subjectivity may have the potential to concentrate minds on the necessity of monetary reform more effectively than most alternative cognitive frameworks. In both cases the power exercised over the individual subjectivity gains strength from the patently implausible parallel reality – the debt-ridden world of physical plenty<sup>43</sup> where actors presumably engage in a social arms race merely to

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<sup>43</sup> The artificial scarcity managed through the socially constructed accounting system of money may be gradually imposing tighter physical constraints on economic activity as the attainment of the implicit liberal ideal of an “economically efficient” extinction of the species approaches. Despite the devastating implications also for many other forms of life, the ideal is typically articulated in terms of anthropocentric notions of utility. In a sense, liberal regimes of power have developed their own distinct form of suicide terrorism. In contrast to the simultaneous projection of violence and self-infliction of death associated with the traditional forms of suicide terrorism, the globalization of liberal governance structures facilitates a temporal divergence between these two acts. While the extermination of the deviant subjectivities and modes of life by liberal terror is often instantaneous, the survival of the species is likely to be threatened with a time lag as the liberal norm life either becomes autonomously alienated from the physical requirements of reproduction or is terminated by an environmental change that could have been manageable, had human diversity not been

gain recognition for their brands of the neutral veil – which the individual is forced to adopt in order to avoid economic, political, social or academic marginalization. After all, one of the psychologically most pervasive forms of power does not involve the simple rewarding of an obedient worldview or the willingness to switch between two reasonably justifiable alternatives, but the conditioning of material and immaterial rewards on a worldview that is so patently implausible that conformity cannot possibly signify anything else than obedience and the utter deprivation of the individual's capacity for plausible self-denial of complicity.

A focus on the sources of money's institutional power and the inseparability of its material and subjective dimensions foregrounds several undertheorized aspects of money's multiple potential spatializations. There would, for instance, appear to be nothing inherently territorial about the geography of money. The same governmental impact arising from collective debt slavery and the structural necessity to engage in zero-sum competition for positive monetary net worth can be achieved regardless of the physical location of the different members of the monetary space. The most pertinent spatial metaphor of a monetary system is thus likely to be a network irrespective of any potential temporary success of a sovereign authority in territorializing the subjectivities and circuits of exploitation involved. Furthermore, although the material and the symbolic or subjective dimensions of money are mutually constitutive and thus in constant interaction with each other, there is no reason why they should coincide either territorially or within the networks of subjects that constitute separate monetary spaces. The same material logic can be divided into several symbolic subspaces, while the same shared subjectivity can be divided into separate material practices.

### **A Spectrum of Spatializations: Some Structural Social Hierarchies Shaped by Modern Credit Money**

Despite the apparent absence of territorial constraints on monetarily-induced transformation of subjectivities and the governance of life, monetary spaces are clearly not devoid of structural fragmentation altogether. Irrespective of whether such fragmentation is viewed as a product of pre-existing and ontologically independent structures or as "the mobile effect of a regime of multiple governmentalities," the monetary system itself may constitute one of the key transmission channels for structural economic and political forces.

In terms of class analysis – whether conceptualized through conventional social classes, "collective life situations"<sup>44</sup> or some other attribute describing persistent structural social polarization – modern credit money contributes to a rigid class structure independently of education, effort, productivity or any other consideration commonly evoked in defense of legitimate income or wealth inequalities. Modern credit money does not exist unless someone within the monetary space – individuals, corporations or governments – borrows it into

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eliminated through sovereign violence. The elimination of the deviant subjectivities and diversity will threaten the survival of the species, but a temporal divergence is introduced between the act of violence and the self-infliction of death for the terrorist. In effect, the liberal mode of suicide terrorism adopts the economic rhetoric of instant gratification through credit creation in its battle for the hearts and minds of potential followers against alternative conceptualizations of the human: "buy now, pay later" becomes "terrorize now, die later."

<sup>44</sup> Ulrich Beck, *Individualization* (London: Sage Publications, 2002), 207.

existence against interest-bearing debt. Such debt is effectively unrepayable for two reasons: the economy as a whole does not have enough money in circulation to meet the interest payments as they fall due and in any case economic agents will at all times need some currency to clear the desired transactions. One inquiry into the history of monetary reformist ideas articulates the concern on the implications of issuing money against interest-bearing debt as follows:

How can we create a free society when there is now less money in the economy – in the UK, about £100 billion less – than there is outstanding debt? Isn't the inevitable outcome of such a situation that the ownership of business, land and property will slip inexorably into the hands of the financial institutions, leaving people increasingly enslaved by their mortgages and credit cards?<sup>45</sup>

As economic interaction between individuals and nations is gradually monetized and subsistence outside the monetized market mechanism becomes increasingly difficult, the amount of money – and thus also the amount of unrepayable interest-bearing debt – required for the economy to function increases. Regardless of the choice of currency, users must incur debt and pay interest to the issuers merely to trade physical and human capital that may already exist and have been paid for. The distribution of the benefits and the burden of the interest payments are typically highly unequal. According to one study, only the two highest deciles of the population in terms of net interest income are net beneficiaries at the expense of the eight lowest deciles, while the largest benefits are disproportionately concentrated on a fraction of a percent in the highest income group.<sup>46</sup> Hence the class structure imposed by modern credit money is consistent with some of the Marxist notions of exploitation and class analysis in general, as the interest-based exploitation “binds the exploiter and the exploited together in a way that economic oppression need not” and “a substantial proportion of the population, at least in the advanced capitalist countries, occupy contradictory locations within exploitation relations, locations in which they are simultaneously exploited and exploiters.”<sup>47</sup>

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<sup>45</sup> David Boyle, *The Money Changers: Currency Reform from Aristotle to E-Cash* (London: Earthscan, 2002), 10. Boyle also suggests that the proportion of people living in poverty may have remained relatively stable since the 19th century “due to some hitherto undiscovered economic ‘law’ about money creation.” (Ibid.) Any potential stability of the relative *sizes* of the social classes does not need to be related to monetary factors. The argument here is concerned with the permanence of the class system itself: as long as the bulk of the money supply is issued against interest-bearing debt, it is structurally impossible to eradicate poverty. In the absence of redistributionist intervention, the proportion of people living in poverty would be expected to *increase* as opposed to remaining stable. In other words, the logic that is inherent in both the technical specifications of modern credit money as defined in this paper and the rules governing the institutional access to the capacity to experiment with more “modern” variants through financial engineering is highly polarizing.

<sup>46</sup> Margrit Kennedy, *Interest and Inflation Free Money: Creating an Exchange Medium That Works for Everybody and Protects the Earth* (Philadelphia, PA: New Society Publishers, 1995), 25-29.

<sup>47</sup> Erik Olin Wright, *Classes* (London: Verso, 1985), 75, 288. The rhetorical – if not in a sense also substantive – parallels to Foucault’s work are intriguing. For Foucault, the relational element which transforms unilateral domination into a two-way relationship is freedom: “power relations are possible only insofar as the subjects are free. If one of them were completely at the other’s disposal and became his thing, an object on which he

In world-systems terminology, modern credit money may be conceptualized as a relatively autonomous element of a wider structural hierarchy between the economic and political units of choice – a system with a clear core group of beneficiaries, periphery of the structurally exploited, and a semi-periphery of individuals with an uncertain long-term structural status. As Wallerstein has noted, “in ‘world-systems’ we are dealing with a spatial/temporal zone which cuts across many political and cultural units, one that represents an integrated zone of activity and institutions which obey certain systemic rules.”<sup>48</sup> An increasingly important element of such an institutional configuration involves the monetary system, which has an individual micro-dimension in addition to the macropolitics of currencies. The core of such a system consists of individuals with significant positive monetary balances, who exploit everyone else outside the core through a mode of accumulation that has no efficiency-based economic justification.<sup>49</sup> Although the monetary social hierarchy is not structurally entirely fixed, such individuals have negligible personal risk of downward social mobility due to the continuous upward redistribution of wealth through compound interest. The periphery includes the vast majority of the world’s population who have no realistic opportunity to escape negative monetary net worth – either personal or government debt – through their own productive efforts. These individuals are subject to constant exploitation through resource transfers corresponding to interest payments on unrepayable debt. The semi-periphery consists of individuals whose structural position based on the net effect of exploiting the periphery and being exploited by the core remains indeterminate.

From a Foucauldian perspective, it would appear to be far from inevitable that the analytical tool-box should necessarily be discarded or relabeled ad hoc eclecticism, practical pluralism, or something else as soon as the focus of investigation turns to the structural features of certain types of monetary systems. Some of the literal interpretations of Foucault’s self-proclaimed misgivings about structuralism<sup>50</sup> – a label that he often used in such contexts to denote the *eradication* of the analytical significance of the event rather than the theorization of its proper relationship to “the mobile effect of a regime of multiple governmentalities” – hardly do justice to the actual content of some of his work. While some of the terminology

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could wreak boundless and limitless violence, there wouldn’t be any relations of power.” (Michel Foucault, *Ethics: Subjectivity and Truth, Essential Works of Foucault, 1954-1984, Volume I*, translated by Robert Hurley et al., edited by Paul Rabinow (New York: The New Press, 1997), 292). Regarding the contradictory locations of individuals in networks of power, Foucault observes that “Power is employed and exercised through a net-like organisation. ...individuals ...are always in the position of simultaneously undergoing and exercising... power. ...The individual which power has constituted is at the same time its vehicle.” (Foucault, *Power/Knowledge*, 98)

<sup>48</sup> Immanuel Wallerstein, *World-Systems Analysis: An Introduction* (Durham: Duke University Press, 2004), 17.

<sup>49</sup> No claims about agency are made here. The essence of the argument is that a relatively small group of individuals with significant positive balances of financial capital is exploiting everyone else through the structural features of the monetary system. In theory, it is not necessary for anyone to be aware of the existence of such a radical deleveler in the monetary system, let alone be actively contributing to its permanence. Right combinations of inertia and ignorance might produce similar results. In practice, everyone participating in monetized market exchange is contributing to, or at least tacitly approving, the exploitative logic.

<sup>50</sup> “I don’t see who could be more of an anti-structuralist than myself.” (Foucault, *Power/Knowledge*, 114)

may differ, the potential for “domination” to “block”, “freeze” or “fix” power relations is in fact a recurrent theme in Foucault’s work:

The analysis of power relations is an extremely complex area; one sometimes encounters what may be called situations or states of domination in which the power relations, instead of being mobile, allowing the various participants to adopt strategies modifying them, remain blocked, frozen. When an individual or social group succeeds in blocking a field of power relations, immobilizing them and preventing any reversibility of movement by economic, political, or military means, one is faced with what may be called a state of domination. In such a state, it is certain that practices of freedom do not exist or exist only unilaterally or are extremely constrained and limited.<sup>51</sup>

Of course, states of domination do indeed exist. In a great many cases, power relations are fixed in such a way that they are perpetually asymmetrical and allow an extremely limited margin of freedom.<sup>52</sup>

I can well imagine societies in which the control of the conduct of others is so well regulated in advance that, in a sense, the game is already over.<sup>53</sup>

While there may remain some customary or normative aversion to invoking structuralist terminology in conjunction with Foucauldian analytical symbolism, it is clear that some mobile effects of the strategic multiplicities of power positions are more rigid than others, and the reasons for such differential rigidity may well be attributable to institutional norms or relational constraints such as the material practices and subjective frameworks associated with the prevailing forms of money.

The conceptualization of modern credit money as a relatively autonomous source of structural social hierarchies provides a useful analytical tool for understanding the ongoing financialization and transnationalization of capital and the opportunities for transnational class formation and reterritorialization that they confer to individuals and sovereign bodies. The scope of the monetarily induced structural social hierarchies does not need to coincide with any other types of institutionalized political spaces. Such structural spatial indeterminacy renders money an exceptionally versatile instrument of geopolitical, biopolitical and social power projection. As one student of the increasingly transnational nature of class formation puts it, “[t]he class relations of global capitalism are now so deeply internalized *within* every nation-state” that the relevant question to ask has become “how and by whom in the world capitalist system values are produced (organized through what institutions), how are they appropriated (through what institutions), and how are these processes changing through capitalist globalization.”<sup>54</sup> An analysis of the institutional features of the prevailing

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<sup>51</sup> Foucault, *Ethics: Subjectivity and Truth*, 283.

<sup>52</sup> *Ibid.*, 292.

<sup>53</sup> *Ibid.*, 300.

<sup>54</sup> William I. Robinson, “Beyond the Theory of Imperialism: Global Capitalism and the Transnational State,” *Societies Without Borders*, Vol. 2, No. 1 (2007), 23, 24, original emphasis.

forms of the social relation of money would appear to provide a good starting point for exploring some of these questions.

### **Rendering the Logic of Financial Capital Biopolitical**

Explaining the structural stratification and the biopolitical potentiality of money in terms of its prevailing institutional features provides a concrete link between structuralist and post-structuralist – as well as economistic and postmodernist – accounts of power: non-economistic accounts of economic power can no longer be dismissed as non-economic – as mere post-modern narratives which allegedly lack a substantive core that could render them intelligible to the skeptical positivist. For those who view the economy as a biopolitical battleground, the suggested approach may also provide a useful analytical tool for confirming some of their intuitions: irrespective of the specific variant of biopolitics and the role for the state that it entails, the institutional features of the social relation of money may explain some of the relational dynamics commonly attributed to biopolitical modes of governance.

The limitations of the traditional state-centric views of power are well known. In an era where it has become increasingly common to suggest that the nation-state itself may exemplify the “territorial trap”<sup>55</sup> and “spaces of flows” may be gaining in importance over “spaces of places,”<sup>56</sup> it would hardly be appropriate to analyze the strategy of state power in exclusively territorial terms.<sup>57</sup> As one commentator has pointed out, “[i]f the individual and the population, rather than territory, are the objects and targets of power, then, threat comes from the inside of the state not from the outside; insecurity, as well, is redefined in terms of an insecure population (poverty, health, well-being) rather than an insecure territory.”<sup>58</sup> Hence the state and its population – or the sovereign and the biopolitical spheres of power – would appear to be interdependent to an extent that cannot be easily captured by exclusively state-centric or territorial conceptualizations of power. Such interdependent yet tensional power structures call, in Agamben’s terminology, for a logic of the field that could overcome the limitations of the unipolar territorial views on the strategy of power.

The traditional state-centric conceptualizations of sovereign authority have increasingly been challenged by post-structuralist accounts of power. According to perhaps one of the most influential formulations of the emerging deterritorialization of power and the growing pre-eminence of biopolitical forms of influence:

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<sup>55</sup> John Agnew, “The Territorial Trap: The Geographical Assumptions of International Relations Theory,” *Review of International Political Economy*, Vol. 1, No. 1 (1994), 53-80.

<sup>56</sup> Manuel Castells, *The Rise of the Network Society – The Information Age: Economy, Society and Culture* (Oxford: Blackwell Publishers, 1996).

<sup>57</sup> In historical materialist circles it has often been questioned whether the state-centric conceptual framework ever fully deserved its analytical primacy. Hannes Lacher, for instance, argues that “the ‘nationalization’ or ‘territorialization’ of social science is very much a phenomenon of the century from the 1870s to the 1970s. This itself suggests that the centrality of territorial space to social organization for much of the ‘Westphalian’ epoch may be vastly exaggerated.” (Hannes Lacher, *Beyond Globalization: Capitalism, Territoriality and the International Relations of Modernity* (London: Routledge, 2006), 9)

<sup>58</sup> Samer Alattout, “Towards a Bio-territorial Conception of Power: Territory, Population, and Environmental Narratives in Palestine and Israel,” *Political Geography*, Vol. 25, No. 6 (2006), 608.

The great industrial and financial powers... produce not only commodities but also subjectivities. They produce agentic subjectivities within the biopolitical context: they produce needs, social relations, bodies, and minds – which is to say, they produce producers. In the biopolitical sphere, life is made to work for production and production is made to work for life.<sup>59</sup>

Such an outcome is at odds with the notion of a disciplinary society, as

In disciplinary society... the relationship between power and the individual remained a static one: the disciplinary invasion or power corresponded to the resistance of the individual. By contrast, when power becomes entirely biopolitical, the whole social body is comprised by power's machine and developed in its virtuality. This relationship is open, qualitative, and affective.<sup>60</sup>

While some of the criticism of Hardt and Negri on depicting the Empire as “over-powered and under-specified”<sup>61</sup> may be on the mark, their work does highlight the increasingly prominent role of the Foucauldian triad of the elements of power – “productive, dispersed, and relational”<sup>62</sup> – in transforming the structural pressures emanating from modern credit money into outcomes or opportunity sets favored by the strategy of power in both its sovereign and biopolitical manifestations. According to Foucault:

An analysis in terms of power must not assume that state sovereignty, the form of the law, or the overall unity of a domination, is given at the outset; rather, these are only the *terminal forms power takes*. ...power must be understood in the first instance as the multiplicity of force relations immanent in the sphere in which they operate and that constitute their own organization; ...*Power is everywhere; not because it embraces everything, but because it comes from everywhere*.<sup>63</sup>

As a “terminal form of power” that “comes from everywhere,” Foucault’s conception of state sovereignty has often been criticized for its apparent disregard for the role of human agency in shaping structural pressures. Yet there is also a distinctively network-like element in the “productive, dispersed and relational” forms of power, implying that “the de-centering of power in networks might *also* be seen as a kind of *centering* or *fixing* of power.”<sup>64</sup> As Castells puts it, power “is no longer concentrated in institutions (the state), organizations (capitalist firms), or symbolic controllers (corporate media, churches). It is diffused in global networks of wealth, power, information, and images, which circulate and transmute in a system of variable

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<sup>59</sup> Hardt & Negri, 32.

<sup>60</sup> *Ibid.*, 24.

<sup>61</sup> Paul Thompson, “Foundation and Empire: A critique of Hardt and Negri,” *Capital & Class* #86 (2005), 77.

<sup>62</sup> Alatout, “Towards a Bio-territorial Conception of Power,” 607.

<sup>63</sup> Michel Foucault, *Naissance de la biopolitique, Cours au Collège de France, 1978-1979* (Paris: Seuil/Gallimard, 2004), 92-93; quoted in Bob Jessop, “From Micro-Powers to Governmentality: Foucault’s Work on Statehood, State Formation, Statecraft and State Power,” *Political Geography*, Vol. 26, No. 1 (2007), 37, emphasis added.

<sup>64</sup> Scott Kirsch, “Introduction: Critical Forum on Empire,” *ACME*, Vol. 2, No. 2 (2003), 224, original emphasis.

geometry and dematerialized geography. Yet, it does not disappear. *Power still rules society; it still shapes, and dominates, us.*"<sup>65</sup> The power of modern credit money is distinctively productive in the sense that it rewards compliance with the prerogatives of capital by upward social mobility within the structural social hierarchies under its sphere of influence, dispersed as its logic applies equally to every individual participating in monetized market exchange, and relational in the sense that performance is evaluated against the efforts of other individuals rather than some fixed standard that all members of the monetary space could at least in theory attain. Furthermore, such power produces norms and expectations that may guide agentic behavior long after the specific sovereign institutions where such structural pressures may have originated have been dismantled or rescaled. It is not obvious why such power could not "rule society and shape and dominate us" despite the potentially diminished significance of the traditional forms of institutional or organizational symbolism.

The increasingly prominent monetary element of the Empire should thus not be viewed as a singular and monolith process of deterritorialization, but as an increasing responsiveness of the oscillations between deterritorialization and reterritorialization – or sovereignty and bio-power – to the strategy of power. In other words, structural pressures are homogenizing the mode of monetary governance rather than the design of the institutional ornaments which tailor the converging monetary logic to the local symbolism. Regardless of the significance of the remaining territorial or cultural divisions, the logic of modern credit money has been remarkably successful in homogenizing the norms and expectations on the structural necessity of zero-sum competition, growing disparities in income and wealth distribution, social polarization, ecological collapse, and viewing the prevailing economic and political structures as the only "realistic" alternatives to avert even more serious disasters – whatever they might entail. Once the prisons for the imagination have been socially constructed, it is a relatively straightforward task for sovereign authority to reinstitutionalize, reterritorialize or reinforce its power in the bricks and mortar world in line with the modified agentic expectations.

The analytical value of conceptualizing the Empire as a converging incentive structure has often been too readily ignored in the absence of evidence of the corresponding convergence of more traditional institutional manifestations of power. It is not uncommon to see this concern articulated along the following lines:

Does not the unilateral turn of the U.S. administration ...negate *the very principles* of Empire (based within a recognition of global law and order as prescribed by international organisations)? Does not the U.S. administration's decision to withdraw from the Kyoto protocol and from the anti-ballistic-missile treaty, its failure to ratify the Rio pact on biodiversity, its reactionary opposition to the ban on landmines, the biological warfare convention and the creation of the international criminal court, its progressive delegitimation of the United Nations and its new vision of NATO's world role – do not all of these actions fundamentally undermine the realisation of Empire's global geography? Are we not being faced, perhaps, with an attempt to create a *counter-Empire*, characterised by a militarised globalisation and monolithic imperialism – a far cry from the domination of a

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<sup>65</sup> Castells, 359, original emphasis.

biopolitical system of uncertain boundaries and high mobility that Hardt and Negri describe – and invite us to combat ‘from the inside’?<sup>66</sup>

Yet it is not obvious why any potential changes in the hardware of power – the visible institutional agglomerations of influence – should always transparently reflect the latest developments in the software of power – the differential agentic capacities to exploit the prevailing institutional configurations for the attainment of any given strategic objectives – to produce an unambiguous and homogeneous picture of who is exercising structural influence and what the ultimate objectives of such forms of power might be.<sup>67</sup> State power, unlike the hierarchical element of the prevailing forms of money, is structurally indeterminate. The extent to which state power centralizes or decentralizes decision-making authority or responds to democratic or particularistic concerns is a matter of ongoing contestation, whereby changes in the access to the state’s coercive and legitimating powers among different interest groups are at least in theory possible. The polarizing logic of modern credit money, in contrast, is structurally fixed: any modification would require either separate policies aimed at mitigating the ongoing polarizing tendencies or a full-scale monetary reform. Hence any oscillation between the sovereign and the biopolitical forms of monetary power is a profoundly political act, which shifts the boundaries between the transparently contestable “political” and the structurally exploitative “technical.” Every time sovereign power manages to incorporate a newly conceived mode of exploitation into the dominant monetary subjectivity – the dominant perception of the set of social relations which may legitimately be labeled as “monetary” – a contentious issue is removed from the realm of politics and re-specified as a structural or “technical” feature of the prevailing monetary system. Every time the evolving monetary subjectivities start to demand reform of the material practice of money according to popular preferences, political agency is being reclaimed from the territory of the structurally exploitative “technical.” The evolving technical specifications of financial capital modify agentic subjectivities, which in turn shape sovereign power’s opportunity structures for geopolitical, biopolitical, or social power projection. Such di-polaric oscillation calls for a theoretically and methodologically integrated approach to the analysis of power. As Jessop has noted, “there is more scope than many believe for dialogue between critical Marxist and Foucauldian analyses” as “Marx seeks to explain the *why* of capital accumulation and state power”, while “Foucault’s analyses of disciplinarity and governmentality try to explain the *how* of economic exploitation and domination.”<sup>68</sup> Agamben’s observation that “[i]t can even be said that the production of a biopolitical body is the original activity of a sovereign power”<sup>69</sup> may help to shed further light on the circular mechanisms that

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<sup>66</sup> Claudio Minca, “Empire Goes to War, or, The Ontological Shift in the Transatlantic Divide,” *ACME*, Vol. 2, No. 2 (2003), 232, original emphasis.

<sup>67</sup> The purpose of the selected terminology is to emphasize the fact that “the multiplicity of force relations” and “the terminal forms of power” are conceptually separate entities: any potential transformation of the institutional manifestations of the terminal forms of power in response to the shifting multiplicities of force relations is not automatic, but the result of agentic preference for institutional transformation over working through the prevailing organizational structures and facades of power.

<sup>68</sup> Jessop, 40, original emphasis.

<sup>69</sup> Giorgio Agamben, *Homo Sacer: Sovereign Power and Bare Life*, translated by D. Heller-Roazen (Stanford:

permit a nuanced analysis of the strategy of power in addition to its specific institutional manifestations. The following section expands the analysis of modern credit money in the context of the oscillations between sovereignty and bio-power to some of the post-structuralist conceptualizations of the Empire.

### **Decentralized Human Agency and the Structural Power of Modern Credit Money: The Empire as an Open Source Incentive Structure**

The inseparability of money's material and subjective dimensions and any potential spatial divergences between them call for an analytical framework that is capable of reconciling theoretically and methodologically distinct but conceptually intimately related elements of money's multiple potential spatializations. Money has both a sovereign dimension as a material practice emanating from the state's legislative and coercive powers and a biopolitical dimension produced and reproduced through the symbolism and subjectivities that are formed, negotiated and contested through interpersonal relations. The state may have specified money in a manner that entails collective debt slavery, but the production of the corresponding subjectivities that accept the validity of the state's version of the socially constructed accounting system of money is likely to require personal experience of the structural scarcity of money and the presumed economic impossibility of altruistic behavior. Conversely, a purely biopolitical awakening and liberation from the identity politics of money may be futile as long as the sovereign structures that produce money as a material practice remain intact. Although Foucault himself has often been criticized for failing to adequately theorize the intersections between sovereign and bio-power, the Foucauldian framework for understanding power as the management of a multiplicity of disparate practices according to a strategic logic may be particularly appropriate for capturing the political significance of money's multiple potential spatializations. More recent insights from Giorgio Agamben complement rather than contradict this theoretical approach.

In Foucauldian terminology, virtually the entire world can be conceptualized as governmentally secured – as a governmentally prepackaged set of individuals who conform to the material practices and, to a lesser extent, the agentic subjectivities emanating from the polarizing logic of modern credit money. Irrespective of any potential controversies in identifying the relevant historical and causal mechanisms of transition, it can hardly be ignored that virtually the entire world<sup>70</sup> has converged on the use of modern credit money. It is remarkable to observe how in a world that supposedly boasts of a “bewildering diversity of forms of articulation between capitalist and noncapitalist practices” and multiple logics of

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Stanford University Press, 1998), 6, original emphasis.

<sup>70</sup> Potential exceptions tend to rely more on semantics than substance. The nominally non-interest-charging Islamic banking institutions, for instance, are unquestionably involved in money creation and, although bank officials may argue that “God is in the details” (Jerry Useem, “Banking on Allah,” *Fortune*, June 12, 2002), transactions typically involve payments that may look “a lot like interest” and amount to sums that are “very close to the prevailing interest rate.” (Ibid.) Perhaps unsurprisingly, several commentators within the Muslim community have compared contemporary Islamic banking practices to the *Contractum Trinius* that was adopted by moneylenders in medieval Europe to circumvent the Christian church's ban on usury (see e.g. Tarek El Diwany, “How the Banks are Subverting Islam's Ban on Usury,” *Financial Times*, July 14, 2006).

“parasitic forms of primitive accumulation,”<sup>71</sup> virtually every society – whether capitalist or communist, industrialized or “developing,” a proponent of “enduring freedom” or simply “evil” – has adopted the same distinctively capitalist form of monetary institution. Thus modern credit money provides a concrete example of the di-polaric circularity of power between sovereign and biopolitical forms that has often remained undertheorized in post-structuralist accounts of power. Rather than abolishing territorial boundaries, the Empire’s monetary dimension homogenizes the mode of accumulation across territorial space that may or may not be divided into relatively autonomous subunits in other spheres of economic or political activity. Once the hyperglobalist overtones of Hardt and Negri have been properly dismissed as prematurely “assuming away the nation-state”<sup>72</sup> and other relevant institutions, the converging monetary incentive structures can be theorized as mutually reinforcing adaptations of the modes of accumulation and governance to the actual historically and socially grounded economic and political institutions.

The thoroughly political and agentic nature of money’s sovereign pole has received insufficient attention in contemporary social scientific analysis. The common accounts of “borderless”, “faceless” or “footloose” capital miss the unmistakably physical nature of the institutions and individuals involved in managing the creation and circulation of money according to prerogatives whose objectives and justification remain less than perfectly articulated. Despite a colorful history of controversy and contestation, monetary reform has not been able to muster sufficient political support, as:

[t]he lock-in between the political, legal, banking and institutionalized monetary system has proven invariably too tight to break, even when the proposals came from the most influential economist of his time (such as Keynes’ proposal for his *bancor*) or when they were supported by substantial popular movements (such as Gesells’ *Freiwirtschaft* (‘Free Economy’) movement between the two wars).<sup>73</sup>

While it might be inconceivable for most people to allow doctors, for instance, to convert their presumably superior medical knowledge into a social weapon against their patients in a Darwinian struggle for existence, no similar moral considerations appear to arise in the public consciousness when social struggles of equal or greater significance are channeled through the structural logic of modern credit money by the “political, legal and banking” institutions. Hence the colorful adjectives that are often associated with the globalizing capital more often than not appear to describe the specific ways in which power manifests itself in the biopolitical sphere rather than the wielders of that power in the more old-fashioned physical, territorially-based institutional structures.

Although the origins of modern credit money can in virtually every case be traced back to sovereign forms of authority, the circulation of money also produces an incentive structure that gives rise to a distinctively biopolitical form of power – an “open source” Empire, whereby the structural necessity to engage in a zero-sum competition for positive monetary net

<sup>71</sup> Sharad Chari, “The Vicissitudes of Marxism in ‘Postmodern’ Times,” *Antipode*, Vol. 35, No. 1 (2003), 180.

<sup>72</sup> Stuart Corbridge, “Countering Empire,” *Antipode*, Vol. 35, No. 1 (2003), 188.

<sup>73</sup> Lietaer, *The Future of Money*, 214.

worth at the expense of other members of the monetary space gradually transforms both the material reality and the individual interpretations of what is economically feasible, desirable, or “natural.” The subjects of the governmentally prepackaged biopolitical pool effectively participate in perfecting the Empire’s source code – the mechanisms of their own governance – in exchange for upward social mobility in the Empire’s structural social hierarchy. The open source Empire forces its every subject to contribute to its own expansion and permanence through conditionalizing subsistence on the acceptance of its hierarchical prerogatives while continuously adapting and readjusting itself to the prevailing economic, social and political conditions. As no amount of education, technological development or productive activity can challenge the structural necessity of zero-sum competition for positive monetary balances among individuals, obtaining a sustainable livelihood through monetized market exchange requires the persistent competitive exclusion of some other individuals’ needs from the marketplace. In intellectually less disciplined circles – preschool children, for instance, tend to be particularly perceptive in this regard – such logic might be compared to a socially sanctioned evaluation of each individual’s worth as a human being through an obligatory game of musical chairs with a strong discursive commitment to label any individuals questioning the rationale for such practices, pointing out the technical feasibility of producing more than enough chairs for everyone, or refusing to play altogether as losers who lack the skills to win in the game. Yet no sovereign authority could continuously reproduce the requisite economic, social and political structures without continuously shaping and reproducing agentic subjectivities in the biopolitical sphere of power and evoking grand narratives of efficiency, progress and objectivity to conceal the preschool foundations of the adult playground. As long as monetized market exchange retains its aura of procedural efficiency and justice, imperialism no longer has a need for expensive, inefficient and often state-centered central planning structures to enforce social hierarchies and the logic of capital accumulation. Under the open source Empire, no individual is too disempowered or marginalized to enhance and perpetuate the Empire’s reach by further disempowering her peers in every other sense except their capacity to accelerate the centralization of economic and political power. Rather than merely encouraging “a state of autonomous alienation from the sense of life and the desire for creativity,”<sup>74</sup> the open source Empire thus redefines both the sense of life and creativity in zero-sum terms by rewarding competition among individuals while punishing altruism. The fact that genuine efficiency-seeking competition, equality, truth, justice or any other instance of conspicuous consumption of moral luxuries provides no material benefits to their pursuers in the face of the structural necessity to extract a positive monetary net worth at other people’s expense for survival virtually ensures that any innovation motivated by pecuniary considerations contributes to economic inequality, social segmentation and other familiar consequences of more traditional forms of imperial domination.

The incentive structure inherent in the open source Empire has effectively emancipated exploitation from the constant need to relegitimize and remystify its true nature with profound implications for the dominant conception of the human nature. It has also democratized oppression in a manner that co-opts the more materialistically minded segments of its potential

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<sup>74</sup> Hardt & Negri, 23.

opposition – those individuals who wish to obtain a reasonable livelihood through monetized market exchange without incurring the money-creating debt themselves – by rewarding particularly innovative ways to rebrand exploitation and oppression according to local tastes. Virtually any businessman could attest how overly moralistic free marketeers are weeded out in favor of the ones who properly see the free market rhetoric as a façade for the centralization of economic power. Most politicians and scholars are unlikely to be blind to the expected payoffs associated with rationalizing prevailing or newly conceived forms of exploitation in a particularly innovative manner as opposed to adopting unduly inflexible views on the desirability of the pursuit of truth.<sup>75</sup> As someone – individuals, corporations or governments – must constantly make interest payments on unrepayable debt merely to keep money in circulation, these are not abstract moral choices, but literally matters of life and death. Any altruistically inclined individual has to compensate each non-profit maximizing decision by more ruthless exploitation of her peers in other instances in order to avoid a relegation to the category of the permanently exploited – often entailing drastically reduced quality of life and life span as opposed to the romantic notion of a less materialist lifestyle – in the structural social hierarchy imposed by modern credit money. The psychologist and social critic John F. Schumaker has noted how we are “removed from nature, married to work, adrift from family and friends, spiritually starved, sleep deprived, physically unfit, dumbed down, and enslaved to debt” as “true love and true happiness ...have become uneconomic” amidst a consumerist mindset that leaves individuals “never deeply satisfied, but always in the process of satisfying themselves.”<sup>76</sup> Such comments illustrate the extent to which sovereign and biopolitical forms of power may already have been convoluted in the popular imagination: it is the personal greed or the materialist mindset that is to be blamed for some of the most egregious manifestations of social disintegration rather than the structural need to adopt the mindset of a psychopath to obtain a living through the zero-sum competitive process of monetized market exchange. As ordinary people are often depicted as capital’s willing executioners rather than victims of structural forces that are coercing their compliance, the perceived origin of the structural pressures may increasingly become associated with “productive, dispersed and relational” as opposed to sovereign forms of power, potentially leading to a self-fulfilling prophecy regarding the assumptions concerning the human nature and the origins of the structural competitive pressures.

The globalizing market governed by the logic of modern credit money may thus be viewed as a repository of knowledge pertaining to class structures and class formation that facilitates the reproduction of social relations within its sphere of influence. The nearly universal triumph of transnationally oriented credit money over the isolationist domestic capital has increased both the material rewards for domestic elites willing to serve the objectives of transnational capital and the opportunity cost of non-transnationally oriented forms of accumulation by instituting deeper international division of labor whereby economies may no

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<sup>75</sup> Attempts to increase one’s monetary net worth through questionable means – as well as social polarization in general – would undoubtedly exist under any form of monetary arrangements. Nonetheless, the *structural necessity* of the hierarchical competition as well as its *zero-sum* nature are far from inevitable.

<sup>76</sup> John F. Schumaker, “The Happiness Conspiracy,” *New Internationalist*, Issue 391 (July 2006).

longer be able to choose not to trade or to cut off from international capital flows at an acceptable cost to either domestic elites or the general population. Even within relatively isolated societies the globalizing market governed by the logic of modern credit money constitutes a benchmark against which domestic circuits of exploitation can be modeled. As the possibilities for subsistence outside the system of monetized market exchange approach zero for an increasing number of people, every profitable transaction is likely to contribute to a more unequal or a more permanently segregated world. The open source Empire not only fails to reward any collectively optimal activities aiming to achieve decentralization of wealth and power through genuine economic and political competition, but also disregards any input that does not contribute to its inbuilt logic of wealth and power centralization. As innovative justifications for exploitation are incorporated into the source code and become the benchmark for subsequent effort, altruistically motivated actions are forgotten after the performers have suffered a one-time loss to move themselves closer to the cast of the permanently exploited. While the structural social hierarchies may remain relatively firm, virtually anyone can improve her relative position in the hierarchy by demonstrating superior capacity to innovate or legitimize more efficient forms of exploitation. Every time an informational input on a more efficient form of exploitation is incorporated into the structure of the open source Empire, the Empire approaches the perfectly efficient and legitimized form of exploitation, making it more difficult for latecomers to improve their relative position in the structural hierarchy.<sup>77</sup> Hence the open source Empire may echo De Angelis' observation that both Hayek's spontaneous market order and Bentham's panopticon are "disciplinary mechanisms faced by individuals whose 'freedom' is confined to a range of choices set by an agency outside them (the 'planner')"<sup>78</sup> with one crucial difference: under a system of modern credit money, the prisoners (of the panopticon or the market) not only become their own guardians, but also participate in perfecting the disciplinary and legitimating mechanisms associated with their own imprisonment.

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<sup>77</sup> To illustrate the extent to which the open source Empire has embraced norm-producing institutions to legitimize the expansion and intensification of its reach, it is instructive to recall the Nobel Peace Prize of 2006 awarded to Muhammed Yunus and Grameen Bank "for their efforts to create economic and social development from below" and "to advance democracy and human rights" through the "liberating force" of microcredit (The Norwegian Nobel Committee, "The Nobel Peace Prize for 2006," Press Release, October 13, 2006). While microcredit may undoubtedly help to advance the relative position of the borrowers in the Darwinian structural social hierarchy, its overall impact is the expansion of the Empire's reach to previously uncharted social spaces. As long as the lending is governed by the polarizing logic of modern credit money, any expansion of lending activity will merely intensify the struggle for positive monetary balances among the members of the monetary space. Every dollar held by any individual – no matter how deserving, exploited or oppressed – is a dollar away from the repayment of the debts against which money has been created – necessitating a higher default rate – or transfer of ownership of real assets to the "political, legal and banking" institutions in charge of the system – among all other members of the monetary space. It remains to be seen whether the purpose of power will ever be reversed to an extent that would permit the efforts of some of the individuals and communities working towards more sustainable and equitable forms of social organization to be recognized with similar normative approval.

<sup>78</sup> Massimo De Angelis, "The Market as Disciplinary Order: A Comparative Analysis of Hayek and Bentham," *Research in Political Economy*, Vol. 20 (2002), 293.

In Agamben's terminology, monetary subspaces governed by the logic of modern credit money may also be viewed as deterritorialized manifestations of the sovereign state of exception and the camp – "the space that is opened when the state of exception begins to become the rule."<sup>79</sup> At any given point in time the monetary space as a whole is close to insolvency, which facilitates the permanent administration of the state of exception to serve the purposes of sovereign power. In the monetary sphere the state of exception no longer constitutes a device to "articulate and hold together the two aspects of the juridico-political machine by instituting a threshold of undecidability between anomie and *nomos*, between life and law, between *auctoritas* and *potestas*."<sup>80</sup> The state of exception in which these elements are "blurred together" has rather become the rule, transforming the juridico-political system into a "killing machine."<sup>81</sup> The market-mediated competitive process for positive monetary net worth determines the specific spatial and temporal manifestations of the portable camp – the specific individuals at the very bottom of the structural social hierarchy, upon whom the misery and lawlessness of the camp is imposed through the Empire's incentive structure.

The subspaces are internal to the materially determined logic of the monetary system. In other words, the precise manner in which an individual experiences the logic of the monetary system depends on one's relative position in the structural social hierarchy. At the top, the technical functions of money are complemented by unjust enrichment through compound interest and privileged access to the latest developments in the evolution of financial capital – a form of a monetary state of exception from the sovereign's perspective, whereby the ostensibly neutral monetary rules designed for facilitating multilateral exchange are used to circumvent those very same rules for private gain.<sup>82</sup> At the bottom – the monetary camp – the "neutral" rules for multilateral exchange apply only insofar as they *exclude* specific individuals from such voluntary exchange: voluntary decisions are replaced by forced, unilateral transfer of resources structurally mandated by the "neutral" rules for monetized market exchange. The accumulation of unrepayable debt confines certain individuals into a position where the ostensibly neutral technical rules for monetized market exchange as well as universalist humanitarian principles have been suspended in favor of structurally mediated resource transfers corresponding to interest payments on unrepayable debt. Irrespective of their territorial location, individuals confined to the monetary camp by unrepayable debt and a lack of purchasing power for life's basic necessities have to choose between withering away – in which case new

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<sup>79</sup> Agamben, *Homo Sacer*, 168-169.

<sup>80</sup> Giorgio Agamben, *State of Exception* (Chicago: The University of Chicago Press, 2004), 86.

<sup>81</sup> *Ibid.*

<sup>82</sup> The appropriate analogy is, of course, the sovereign's capacity to permanently suspend the rule of law as a part of the normal mode of governance. As Mark Neocleous has observed, "Emergency powers do not involve some kind of suspension of law while violence takes place, but are unified with law for the exercise of violence necessary for the permanent refashioning of order." (Mark Neocleous, "The Problem with Normality: Taking Exception to 'Permanent Emergency'," *Alternatives* 31, (2006), 208) Similarly, monetary states of exception such as the unjust enrichment emanating from compound interest on unrepayable debt, debt write-offs, unearned seigniorage income, or liquidity provision on favorable terms, for instance, do not involve the suspension of some mythical forms of neutral and fair monetary rules of the game, but are in fact "part and parcel of the normal mode of governing" (*Ibid.*).

victims will promptly be identified by the markets as the dead cannot hold the debt against which money has been created – or extracting sufficient positive monetary net worth from someone else, thus passing on the personal tragedies caused by the structural scarcity of money. Once the markets have reached their verdict, the carnage of hunger, disease, poverty, crime and war – commonly attributed to the victims' insufficient skills and effort to support themselves through market exchange in the hegemonic discourse – can continue unabated within the camp.

The paradox of the intimate conceptual interrelationship – and yet the lack of any necessary spatial equivalence – between the material and the symbolic or subjective dimensions of money should thus be at the center of any spatial analysis of money. On the one hand, the nearly universally shared logic of modern credit money as illustrated by the conceptual framework of the open source Empire can be divided into a number of symbolic subspaces along national or territorial lines without any apparent autonomous pressures for unification under a single global currency. On the other hand, the single material practice of modern credit money produces a multiplicity of de facto material practices within the *same* monetary space with little pressures for the subspaces of the unjustly enriched or the permanently exploited to become independent monetary entities.

## **Conclusion**

The paradoxes and contradictions of money as a product of both sovereign power and biopower, having both a structural and a post-structural dimension in networks of material practices which may or may not contribute to territorialized subjectivities, call for an analytical approach that can combine theoretically and methodologically disparate practices into strategic combinations through which power – no matter how distributed among specific institutional containers – manifests itself. Modern credit money provides internal coherence to structurally rigid social hierarchies – the historically specific or governmentally contingent manifestations of the chessboard analogy – which may or may not be institutionalized through the exercise of sovereign power. It also has a colorful history of controversy and contestation that structurally oriented economic, political or social analysis that is conscious of the potential pitfalls of ahistoricism – or “agovernmentalism” for that matter – would be unwise to ignore. Yet such theorization would hardly be complete without a detailed analysis of the production and reproduction of agentic subjectivities through the polarizing logic of the prevailing monetary institutions: the “productive, dispersed and relational” character that money may adopt as it contributes to the formation of biopolitical bodies.

The British political scientist Herman Finer once noted that “if a democracy forgets, democracy will be forgotten, and may be crushed by the economic forces it ignores.”<sup>83</sup> Although legitimate divergence of opinion might emerge as to what precisely it is that individuals concerned with the attainment or preservation of democracy, non-racist non-governance, subjectic self-determination or some other progressive political objective should not forget and how these pressures might originate and be transmitted, the di-polaric nature of

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<sup>83</sup> Herman Finer, *Road to Reaction* (London: Dennis Dobson, 1946), 11.

money suggests that emancipatory economic, political and social scholarship may have more scope for complementary analysis than some of the traditional notions of the epistemological politics of power and sovereignty might suggest. Money as a material practice is the terminal form of bio-power, while bio-power is a product of the material practice. It is the interaction between these two poles of money in the context of actual, historically specific or governmentally contingent institutional structures that should be in the center of the analysis of monetary power. Whether such an analytical framework may be labeled Foucauldian in the narrowly procedural sense or also in terms of some stationary standard of exogenously imposed essentialism may well ultimately prove to be less important than the fact that a theory of economic governance – no matter how imperfect or incomplete – based on the “technical” design features of money as an institution has been articulated.

Tero Auvinen  
PhD from University of Lapland  
Finland  
[teauvine@gmail.com](mailto:teauvine@gmail.com)