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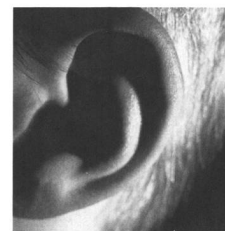
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Stock markets as «simulacra»



Observation that participates

Ellen Hertz

Introduction

La bourse: marché financier ou casino? (Gélédan 1991), *La bourse: temple de la spéculation ou marché financier?* (Belletante 1987): the subtitles of two recent introductory textbooks on financial markets seem to present us with a choice¹. But what are we choosing between, exactly, and what are the consequences of such a choice? Neither book answers this question, and indeed they could not, for the two objects we are asked to choose between do not have the same status. «Financial market» refers to an existing institution or series of institutions (one of which is certainly *la bourse*), the qualities and merits of which remain (apparently) unspecified. «Casino» and «temple of speculation», on the other hand, work as epithets; they characterize financial markets as essentially dangerous, immoral or irrational arenas for the production of wealth. In fact, both books, along with a great number of competing publications², go on to argue that financial markets provide the occasion for «rational speculation» so

long as investors understand the basics of how these markets work and take a long-term perspective on returns on their investments. In short, both books demonstrate that the opposition set up in their subtitles is misleading, for a purely «rational» financial market without the associated «casino» or «speculative» element would not perform the function of a «financial market» very well³. That being the case, what underlies the authors' initial choice to frame their discussions of financial markets around, precisely, the act of choice? And what informs the moral subtext of this impossible choice between an object and an epithet?

At first glance, the asserted-and-then-discarded opposition between financial markets and speculation appears simply to reflect the history of the development of these markets over five centuries of capitalism. Historically, the polemic against speculation was part and parcel of their development, and drew on a wide variety of forces – religious, political and social. Over time, of course, this polemic was largely abandoned; speculation came to be

¹ My thanks to Claudia Dubuis, Jonathan Elmer, Neil Hertz, Cynthia Kraus, Erik Maeder and Heinzpeter Znoj for their comments and criticism.

² In the introductory manuals and economic treatises about securities markets that I have examined (Angas 1936; Belletante 1987; Chapman 1988; Durand 1993; Galbraith 1993; Gélédan 1991; Keynes 1936 and Turin 1993) only Durand avoids the distinction between a «good» financial market – simply termed «financial market» in the words of our authors – and a «bad» one.

³ In fact, the reference to casinos is itself misleading, as casinos evoke logics of leisure, luck and destiny that are quite distinct from the logics of profitability and market psychology that charac-



seen as a necessary, if unsavory, aspect of all healthy financial markets. In this new understanding, speculation is useful because it keeps markets liquid, that is, it keeps sufficient quantities of money and financial instruments flowing into and out of markets that anyone can buy or sell anything at any time. More specifically in the case of securities markets, speculation can also work to rationalize prices, because speculators' attempts to profit from what they believe to be the gap between present and future values of securities accelerate the process by which securities move to their «true» value. And to the extent that speculative excesses tend to destabilize markets, it would appear that direct regulatory intervention does nothing but accentuate these tendencies by adding a further element of unpredictability on which speculators may then speculate.

However, while the political polemic against speculation has largely faded from view, the moral ontology underlying its opposition to «financial markets» remains intact, re-emerging in book subtitles, in newspaper headlines, in scholarly treatises and in everyday language. This moral ontology opposes what is simultaneously real and good – a sane world of investment, in which «real» value is produced through markets' underlying relation with the productive economy – to what is concomitantly unreal and dangerous – the insane world of speculation, of «mass escape from reality [that] excludes any serious contemplation of the true nature of what is taking place» (Galbraith 1993: 12). It is the structure of this ontology that I wish to examine, arguing that it is informed by an even older discursive construct, Plato's polemic against that unreal yet dangerous form of representation which is the simulacrum.

«Mass escape from reality»

Financial markets are centrally concerned with the problem of representation, for it is in the act of forming expectations based on representations of future profits – charts, graphs, scenarios and models – that both investors and speculators make decisions about how to enter or exit a given market at a given time. When these temporal projections prove correct, money is made; when they are incorrect, money is lost. But the moral discomfort over «speculation», as opposed to «investment», does not rest on the question of whether money is made or lost; indeed, where speculation is concerned, both gains and losses are the occasion for solemn pronouncements by financial experts and the press, in the one case urging market participants to come to their senses, in the other, harping maliciously on the punishment that «reality» has dealt them. Rather, dismay over speculation takes its roots in the fear that speculation works with an improper ontology of representation. A passage from Keynes illustrates splendidly in what this improper ontology consists:

«[...] Speculation»⁴ may be likened to those newspaper competitions in which the competitors have to pick out the six prettiest faces from a hundred photographs, the prize being awarded to the competitor whose choice most nearly corresponds to the average preferences of the competitors as a whole; so that each competitor has to pick, not those faces which he himself finds prettiest, but those which he thinks likeliest to catch the fancy of the other competitors, all of whom are looking at the problem from the same point of view. It is not a case of choosing those which, to the best of one's judgment, are really the prettiest, nor even those which average opinion genuinely thinks the prettiest. We have reached the third degree where we devote our intelligences to anticipating what average opinion expects the average opinion to be.» (1936: 156)

terize speculation. For this reason, I will concentrate uniquely on speculation in the discussion that follows. On casinos, see Claudia Dubuis (this volume).

⁴ For the record, Keynes uses the term «professional investment» and not «speculation» in the passage I have quoted, but his subsequent definitions of «speculation» and «enterprise» (his word for what I call «investment») make it clear that he has speculation in mind: «the term *speculation* [applies to] the activity of forecasting the psychology of the market, and the term *enterprise* [to] the activity of forecasting the prospective yield of assets over their whole life» (1936: 158, italics in the original).



Keynes' discomfort is with choices based not on what is «really» the case, nor even on representations of what others «genuinely» think is the case, but on representations of others people's representations, in which the reference to reality drops out entirely. Furthermore, these representations of representations appear to produce «real» economic effects: speculation functions in a world – our world – in which the image of projected future wealth participates in creating the very wealth whose existence it projects. It is these logics of the «third degree» that bring financial markets within the conceptual/ideological framework of the «simulacrum» to which I now turn.

Before I proceed, however, a caveat is in order. I do not wish to imply that there are no good reasons to worry about speculation. One of these, the one that Keynes was most preoccupied with, turns on the fact that speculation disrupts the process of allocative efficiency, sending spurious signals to the productive economy which slow the flow of capital to its most efficient long-term users. More importantly, in an era of international financial deregulation like the one we have experienced since the 1980s, speculation encourages large-scale capital mobility for its own sake, without regard to the socio-economic disruptions engendered by this mobility. What I wish to point to in this article are the ways in which these legitimate issues of political economy – what are the social, political and economic effects of increased capital mobility and what should we do about them? – are underwritten, even displaced, by phantasmagoric concerns over authenticity – what kinds of wealth are «real» and how do we prevent those episodes of mass escape from «reality» that financial speculation engenders?

The Simulacrum's Traces

The conceptual/ideological framework in which the simulacrum is thought to operate involves a number of elements, each of which can be found in moral/ontological distinctions at work in financial markets. The first is the distinction between «real» and «false» representation. The second is the notion that «real» representation involves an internalized relation to the original. And the third is the element of self-referentiality. It is Gilles Deleuze, in *Logique du sens*, who best articulates the logical relations between these elements and their consequences for the Platonic theory of representation⁵. It is worth following his argument in some detail, as I will reproduce it, in transposed form, in the discussion of the stock market that follows.

The line that Plato draws between «real» and «false» representation involves three place-holders. A first distinction is made between the original and the copy, or he terms them, the Idea and its image. But this dual structure is itself bifurcated at the level of the copy, into what Plato labels «copies-icons» and «simulacra-phantasms»⁶. «Copies-icons» – real or true copies – are distinguished from «simulacra-phantasms» – unreal or false copies – by the manner in which they resemble the original. The «copy-icon» manifests a «good» likeness, but this likeness is not an exteriorized relation of physical resemblance of one object to another. Rather it is an internal relationship between an object and an Idea, since it is in the Idea, the original, that we find the relations and proportions that constitute its internal essence. «The copy truly resembles something only to the degree that it resembles the Idea of that thing. The pretender conforms to the object only insofar as he is modeled (internally and spiritually) on the Idea» (1990: 257)⁷. The «simulacrum-phantasm», on the other hand, manifests a hubristic and duplicitous disregard for the Idea. It seeks to circumvent the relationship of subordi-

⁵ Deleuze's reading of Plato's theory of the simulacrum is particular in ways that I cannot elaborate on here. Particularly particular are his notions of the «the model of the Other» and of self-referentiality that play a central role in my analysis. For further discussion, see Suzanne Chappaz-Wirthner, in the introduction to this volume.

⁶ I have borrowed the English terms used by Mark Lester in his translation of *Logique du sens* (Deleuze 1990).

⁷ «La copie ne ressemble vraiment à quelque chose que dans la mesure où elle ressemble à l'Idée de la chose. Le prétendant n'est conforme à l'objet que pour autant qu'il se modèle (intérieurement et spirituellement) sur l'Idée.» (1969: 351)



nation through an overly exteriorized focus on physical resemblance, and as such, it necessarily lacks that internal equilibrium which only submission to the Idea can reproduce. The «simulacrum-phiasm» is an image without resemblance, and the effect of likeness that it produces is «an effect of the whole» (1990: 258), of gestalt («un effet d'ensemble», 1969: 352). «If the simulacrum still has a model, it is another model, a model of the Other from which there flows an internalized dissemblance» (1990: 258)⁸.

Thus, to the exterior likeness which the simulacrum manifests, corresponds an internal dissemblance which itself has quite precise causes in Plato's analysis. Again following Deleuze, «the simulacrum implies huge dimensions, depths, and distances that the observer cannot master. It is precisely because he cannot master them that he experiences an impression of resemblance» (1990: 258)⁹. This appears to be the «model of the Other» that Deleuze has mentioned above, a model in which grandeur, depth and distance produce the effect of the sublime, the effect of the simultaneous incommensurability of self and the world that causes «true» relationships of representation to disintegrate. But Plato, according to Deleuze, goes further: «This simulacrum includes the differential point of view; and the observer becomes a part of the simulacrum itself, which is transformed and deformed by his point of view» (1990: 258)¹⁰. Because the simulacrum represents without reference to the Idea, it loses touch both with the «true» relations of proportionality that characterize the external world, and with the «real» opposition that distinguishes the external from the internal worlds, the observer from the thing observed. It is at once too much and too little, its too-muchness causing in the observer an inner state of misrecognition (*mépris*) of reality, its too-littleness turning the observer inward to her experience of sensations which she then mistakes for an outer likeness to the thing observed.

Investment : speculation :: copy-icon : simulacrum-phiasm

In what follows, I narrow my discussion from financial markets generally to stock markets in particular, as the questions of representation and reality central to Plato's condemnation of the simulacrum resurface most clearly in this arena. As I have already indicated, it is through the notions of investment and speculation – which I will discuss first as Weberian ideal-types before examining the social reality of this distinction – that we enter the dual and hierarchical sphere of stock market ontology.

Investment in the ideal-typical sense involves buying shares in a company which one retains with the expectation that it will be profitable. As shares are a form of ownership, possessing them entitles one to dividends from the corporation, that is, to a percentage of its profits proportionate to one's share of ownership. Wealth, in this scenario, is generated through the productive economy, in which one participates by virtue of one's initial investment in the company. Thus, the wealth produced through investing is ultimately linked to the «use value» of the goods and services sold on the market, and thus to the satisfaction of consumers' «real» needs and desires.

The ideal-typical theory of investment plays the role of the «copy-icon» in Plato's theory of representation, as laid out by Deleuze. To invest in the stock market is to have in one's mind the Idea of a «real economy» of goods and services which one then projects forward, thereby creating a representational schema for the production of wealth in the future. Like the «copy-icon», this representation is not based on the exterior appearance of the Idea; one does not invest in the economy in its current form. Rather, one invests based on projections of the essence of that economy into the future. Furthermore, one's representations of the future are accompanied by an attitude of sincerity:

⁸ «Si le simulacre a encore un modèle, c'est un autre modèle, un modèle de l'Autre dont découle une dissemblance intériorisée.» (1969: 352)

⁹ «le simulacre implique de grandes dimensions, des profondeurs et des distances que l'observateur ne peut pas dominer. C'est parce qu'il ne les domine pas qu'il éprouve une impression de ressemblance.» (1969: 353)

¹⁰ «Le simulacre inclut en soi le point de vue différentiel; l'observateur fait partie du simulacre lui-même, qui se transforme et se déforme avec son point de vue.» (1969: 353)



one «believes» in one's projections, or rather, one believes that they are the best projections possible under conditions of uncertainty. And they are the best projections possible because, once again, they strive to capture the spirit of the productive economy, of consumers' «real» future desires and needs. The investor's willingness to submit herself to the law of «real» wealth serves as a guarantee of the morality both of her profits and of the system that creates them¹¹.

Speculation, on the other hand, possesses all of the deforming qualities of the «simulacrum-phantasm». In its ideal-typical form, speculation involves buying (or selling) shares in a company which one retains until the price of those shares rises (or falls), at which point one sells (or buys) them for a profit. Wealth earned through speculation does not depend on any direct interaction with the «real» economy of goods and services. Rather the price of shares depends on the forces of supply and demand within the stock market itself (on «market psychology» in Keynes' terms) and are influenced only in indirect ways by the underlying economy. When many people wish to buy a certain share, its price rises, and many people may wish to buy a share simply because they believe that many other people wish to buy the same share. Furthermore, since all participants are acting according to the same speculative logic, it may be that no single person actually «believes» in the «underlying» value of the share; they merely believe that others also believe what they believe about others. When a speculator turns a profit in this manner, that profit is precisely based on the simulacrum's «model of the Other»; the representational act involved in speculation circumvents the norms of the Idea, mimicking only the form of this «real» economy through the projection of belief onto others – an external resemblance hiding an internal dissemblance.

It is, of course, the hubristic disregard for the productive economy that accounts for the episodes of speculative euphoria and mass deception – for the «extraordi-

nary popular delusions and the madness of crowds» (Mackay 1980 [1841]) – associated with speculative markets since their inception. And, it is these «crowds» that possess the qualities of grandeur, depth and distance characteristic of the simulacrum; grandeur because their dimensions exceed the dimensions of any imaginable social group, depth because their contours are undefined and hence unfathomable, and distance because they cannot be apprehended through any direct communicative pathway. Finally, because speculators are both participants in and observers of this crowd – or rather, participate in the crowd by observing it – the act of speculation involves precisely that element of self-referentiality that Plato deplores. In this Platonic scheme, the representational act involved in speculation transforms and deforms the very Idea of which it is a copy.

Intention : individual :: time : «the system»

But let us move from discursive construct to social practice. Ever since stock markets have existed, «investors» and «speculators» have pointed out that the theoretical line between these two ideal-typical forms of activity is impossible to draw in practice (Chancellor 1999; Niederhoffer 1997). As we have seen, one of the elements on which this line depends is the question of intentionality. In practice, however, the question of intentionality becomes immediately and intensely complicated. An investor may buy a share with the sincere belief that the underlying company is and will be profitable, but sell at a higher price upon learning of another company that she now prefers. The profit realized on the sale is «speculative» to the extent that it did not necessarily depend on the «real» profitability of the underlying company, but only on market forces that happened to intervene in the time interval during which the «investor» invested. Nonethe-

¹¹ In Europe, and very marginally in America, the morality of investor wealth is called into question in some sectors of society by a Marxist-communist political tradition that views capital gains as the fruit of man's exploitation by man. Morality, in this tradition, is guaranteed by submission to a different law, the law of «real» real value expressed through the notion of «use value». This materialist ontology will be discussed in detail below.



less, the investor's intention at the time of purchase was in fact to invest. The same investor may hold on to shares that are losing value not because she still believes in the underlying company, but because she does not want to lose the money she has already invested, and hopes that market forces will cause the price to rise sufficiently for her to sell out. In this scenario, her intention is no longer to invest, but rather to ride the market until the price of her shares goes back to its original level, but her behavior looks exactly like that of a committed investor. Similarly, a «speculator» may buy shares expecting the price to rise, and find herself stuck with them. She then hangs on to them to get back her original investment, thus behaving like a faithful investor when in spirit she is merely a failed speculator.

Thus, under closer examination, the issue of intentionality turns out to be a red herring. Both investors and speculators enter the stock market in the pursuit of wealth. Furthermore, both must constantly compare the profitability of their choices to that of competing opportunities. Thus neither «investors» nor «speculators» can ignore the productive ontology of the other as they make their day-to-day decisions on the market. If the distinction between investment and speculation cannot hold in practice, it is because speculation, «inauthentic» as it may be, produces all of the effects of authenticity, that is, it produces «real» gains and losses in wealth. These gains and losses may be temporary from a systemic point of view, but the investor/speculator who acts upon the temporary opportunities that speculative movements create – who gets in and gets out at the right moment – makes money that has a gratifying odor of permanence about it. Thus, as we move from the perspective of the individual to the perspective of the system as a whole, the moral ontology of intentionality is reformulated in terms of time. It is the changes in intention over time, and in reaction to market movements over time, that make investment and speculation blend together into

a single form of calculation. The insistence on intentionality – on the «genuine» belief in the «real» economy as versus a duplicitous belief in others' beliefs – is an effect of the same conceptual/ideological framework that creates the distinction between investment and speculation in the first place.

At the level of the corporation, too, the speculative process affects its ability to compete in the «real» economy through the feedback loop that is the credit system. Because share prices serve as a primary indicator of the credit-worthiness of a company, and because share prices are subject to «market psychology» in the Keynesian «third degree», a company may find its «real» abilities to raise capital «falsely» limited (or enhanced), by share prices that do not accurately reflect its long-term economic prospects. From a systemic point of view, then, the confusion between «investment» and «speculation» appears to be endemic to the functioning of the system as a whole. Indeed, many argue that the growing reliance on electronic networks, which function both as carriers of financial information about other markets and as markets in and of themselves, combined with the deterritorializing effects of «globalization», have moved the entire organization of financial markets towards a purely speculative logic: «Market-networks [...] are the new reality in which the agents of modern finance must evolve. The network organization of financial markets is a direct expression of the economies of "flows" and "circuits" and no longer that of "stock" and patrimony» (Cancelliere 1996: 100, citing Radkowski 1980: 18-19, my translation). However, the fact that «investors» are called upon to act as «speculators», that, in the words of one financial analyst, the entire system functions increasingly «by means of a process of self-representation, self-perception and self-projection» (Cancelliere 1996: 99, my translation), does nothing to weaken the underlying moral ontology that valorizes investment over speculation, «reality» over self-referentiality. To the contrary, increasingly frequent and violent specu-



lative flurries call forth repeated earthy invocations of the «real» economy, with all of its «underlying» qualities and fundamentals (see e.g. Krugman 2000). That the «real» economy does not determine the ways in which wealth is produced and distributed *in the short term* appears in no way to detract from its «reality».

But with this simple qualifier, «in the short term», we introduce into the binary real/false dichotomy a quantitative factor (shorter to longer term) that holds out the promise of extracting us from the conceptual/ideological framework set up by the simulacrum. The «reality» of the real economy is the reality of long-term economic prospects, projections and representations formulated to predict market movements over months and years, not the minutes and days of the «illusory» economies of financial market booms and busts (Krugman 2000). But there is nothing realer about a month than a minute. Both are social conventions, dividing up, each in its way, the further social/material object that is time. What «really» happens in a month that cannot happen in a minute? The answer is production/consumption, and it is through an examination of production/consumption, and more specifically the materialist ideologies that underlie this dual process, that the social/material dichotomy founding stock market discourse can be examined most ... profitably.

The social fact

Profitable speculation involves the correct reading of the sociospace that is the market. Thus, if speculative wealth can be associated with a «reality», that reality appears to be first social and only secondly material in nature. More precisely, the direction of causality in speculation appears to run from the social to the material, from the projection of beliefs to the production of wealth to the consumption of material objects that this wealth

permits. Of course, financial analysts scanning for «market psychology» do not actually survey «society», nor even that portion of society that invests. Rather, they collect tips from friends and colleagues, they follow in Canettian fashion the pronouncements of great leaders¹², and they represent «society» graphically, tracking the prices and quantities of shares bought and sold over time under the magical (but occasionally self-fulfilling) assumption that future movements will mimic past formations. It is this network of projections, desires and depictions that causes share prices to move, and when share prices move, «real» money is to be made. The repugnance one feels before the «real» consequences of speculation is thus a repugnance before the social fact.

The social fact of speculation has two aspects, both of which elicit dismay, and each of which plays on a contrastive distinction with the word «social» itself. On the one hand, the social is that which is not individual, and, as we have seen, one of the disturbing aspects about speculation is the fact that individual perceptions and judgments have value only in so far as they decipher and reflect the perceptions of the collectivity. It is this apparent pre-eminence of the social over the individual that produces the effect of «grandeur, depth and distance» which characterizes the simulacrum in Plato's account. On the other hand, the social is that which is not material, which side-steps the norms of «use value» and its underlying presupposition of human needs associated with physical bodies in search of food, clothing and shelter. By contrast, the direction of causality in investment appears to run in the opposite direction, from concrete human needs to the material goods produced by the «real economy», to the creation of wealth that is the moral consequence of the satisfaction of these needs through goods, to the investment in the future satisfaction of those needs that the stock market facilitates.

But if, as we have seen, the distinction between investment and speculation is untenable as a description of individual

¹² The greatest of which is Alan Greenspan, in the current world (see Sicilia and Cruikshank 2000).



practice, ought not we to ask whether it is not equally overdrawn at the level of the ideal-type. More specifically, ought we not to look more carefully at the distribution of material and social forms in that single calculative practice that is investment/speculation. Indeed, after Marx, an account of financial markets that leaves unproblematic the link between social relations of production and the materialization of objects would appear impossible. What investors are doing when they invest, Marx tells us, is betting on the capacities of a corporation to extract surplus value from producers. Thus, capitalist production, like speculation, is a social fact before a material one; it is the social fact of the dominance of one social class over another in capitalism. This social fact is then materialized in the commodity, the object created by the system of exchange into which capitalist production is inserted. Through this process of materialization («fetichization», in Marx's terms), the price of a good comes to be seen as inherent in the good itself, and not in the labor that produced it, nor the social relations of production that made this labor necessary.

However, the value of commodities in Marx's account does not merely depend on the extraction of surplus labor. The underlying value of a good remains its use value, and, as many have pointed out before me, with the concept of use value Marx grounds his critique of capital in a materialist ontology (Tawney 1972, cited in Bloch and Parry 1989: 3). It is with Jean Baudrillard that this materialist ontology, and with it the notion of «use value» as a pre-social reality, receives its most classic critique. In «Beyond Use Value» (1981), Baudrillard argues that Marx captures only one aspect of a dual process of fetichization with his notion of commodity fetishism. He failed to see that both exchange value and use value depend on social-conventional codes that «materialize» their objects. With exchange value – and here Baudrillard follows Marx's analysis – this code extracts the good from its *social relations of production* and materializes it as the commodity

through the process of price-formation on the market. With use value, this code is operationalized through the *social relations of consumption* that transform objects from things into «needs». By failing to examine the social production of consumer desire, «Marxist analysis has contributed to the mythology (a veritable rationalist mystique) that allows the relation of the individual to objects conceived as use values to pass for a concrete and objective – in sum, “natural” – relation between man's needs and the function proper to the object. This is all seen as the opposite of the abstract, reified, “alienated” relation the subject would have toward products as exchange values. The truth of the subject would lie here, in usage, as a concrete sphere of the private relation, as opposed to the social and abstract sphere of the market» (1981: 134)¹³. It may be, Baudrillard goes on to concede, that the processes of abstraction, rationalization and systemization underlying the social construction of consumer «needs» was less apparent in Marx's day than in ours. «But it has become possible today, at the present stage of consummative mobilization, to see that needs, far from being articulated around the desire or the demand of the subject, find their coherence elsewhere: in a generalized system that is to desire what the system of exchange value is to concrete labor, the source of value» (1981: 135)¹⁴.

So much for *social reality of use value* and the materialist ideology that underwrites it. It is not that «real» objects do not exist, nor that they do not produce real material and social effects in their own right (though Baudrillard would disagree, for reasons that will become clear). What must be acknowledged is only that the material objects of the «real» economy have not shaken themselves free of constitutive social conventions, as materialist ideology would have it. But let us continue to blur our distinctions by examining this time, and against Marx, the *material reality of exchange value*. The distinction between the «social» nature of speculative wealth and the «material» nature of profits from investment relies

13 «l'analyse marxiste a contribué à la mythologie (véritable “mystique” rationaliste) qui fait passer la relation de l'individu aux objets conçus comme valeur d'usage pour une relation concrète et objective, “naturelle” en somme, entre le besoin propre de l'homme et la fonction propre de l'objet – à l'inverse de la relation “aliénée”, réifiée, abstraite, qu'il aurait aux produits comme valeur d'échange: il y aurait ici, dans l'usage, comme une sphère concrète de la relation privée, par opposition à la sphère sociale et abstraite du marché.» (1972: 160)

14 «Mais il est devenu possible aujourd'hui, au stade de mobilisation consummative où nous sommes, de voir que les besoins, loin de s'articuler sur le désir ou l'exigence propre au sujet, trouvent leur cohérence tout à fait ailleurs: dans un système généralisé qui est au désir ce que le système de la valeur d'échange est au travail concret, source de la valeur.» (1972: 161)



on a premise that we can now begin to question: the premise that financial instruments are mere social-conventional means to material ends, and not social/material «things» in and of themselves. This premise – that the objects of financial exchange are not things but means – flies in the face of the very discourse of the stock market and its associated «industry», the financial industry, in which financial «products» are produced and delivered – electronically – to owners and borrowers. More revealing is the precise term used to describe the ambiguous materiality of speculative exchange – «financial instruments» – for instruments are objects of an in-between, mediative nature, created to measure and facilitate the creation of other objects. What are we to make of these «instruments», both materialized and transitory, and how do they relate to those paradigmatic objects of materialist ideology that are the products of the «real» economy?

The ambiguous nature of financial instruments seems to defy characterization. Speculative «instruments» are bought with the intention of selling them back, or sold before they're even owned, to be bought back merely to reimburse a debt. And yet, a car is no less an object because there exists a used car market. But «instruments» are not desired in and for themselves, they are desired for the changes they will undergo and that they permit their owner to capitalize on. As a speculator, I never intend to keep the objects I purchase; I never make them «mine». But no more do I make my roast beef mine before I consume it. One might retort that I desire my meat for its intrinsic use value, not for the value that others see in it. Perhaps, but do I desire free-range poultry merely for its use value; is not its value also a reflection of the value that others see in it? But «financial instruments» are mere concepts; they have no material form. And yet buildings are created to house them, analysts are employed by the thousands to track them, and old age homes are filled with people who live off them.

Stock markets: between materiality and its negation

This double logic of materiality and its negation is captured perfectly by the notion of the «hybrid» or «quasi-object» as articulated by Bruno Latour (1991, 1993). In *We Have Never Been Modern*, Latour argues that science studies, by exposing the simultaneously technological, social and discursive nature of modern science, have uncovered the obscure underside of «modernity». It is our «modernity» that has led us to believe in an ontology that sees the material, the social and the linguistic as radically separate, even incommensurable domains. But, it is this same «modernity» that in practice transgresses the very boundaries it insists on drawing, in order to produce the objects, social logics and discursive fields that characterize it. This transgressing produces hybrids or «quasi-objects»: «things» that are «much more social, much more fabricated, much more collective than the “hard” parts of nature [while at the same time] much more real, non human and objective than those shapeless screens on which society – for unknown reasons – needs to be “projected”» (1993: 55)¹⁵.

Following Latour, «the word “modern” designates two sets of entirely different practices which must remain distinct if they are to remain effective, but have recently begun to be confused. The first set of practices, by “translation”, creates mixtures between entirely new types of beings, hybrids of nature and culture. The second, by “purification”, creates two entirely distinct ontological zones: that of human beings on the one hand; that of nonhumans on the other... So long as we consider these two practices of translation and purification separately, we are truly modern – that is, we willingly subscribe to the critical project, even though that project is developed only through the proliferation of hybrids down below (1993: 10-11).»¹⁶ Stock markets, taken as the institutionalization of that

¹⁵ In Latour's analysis, Baudrillard belongs with that group of social scientists that believes that material objects are mere receptacles for the projection of social categories. «Ordinary people imagine that the power of gods, the objectivity of money, the attraction of fashion, the beauty of art, come from some objective properties intrinsic to the nature of things. Fortunately, social scientists know better and they show that [...] gods, money, fashion and art offer only a surface for the projection of our social needs and interests.» (1993: 51-52) (Neither this passage nor the one quoted above appear in the 1997 French version of this text.)

¹⁶ «le mot “moderne” désigne deux ensembles de pratiques entièrement différentes, qui, pour rester efficaces, doivent demeurer distinctes mais qui ont cessé récemment de l'être. Le premier ensemble de pratiques crée, par “traduction”, des mélanges entre genres d'êtres entièrement nouveaux, hybrides de nature et de culture. Le second crée, par “purification”, deux zones ontologiques entièrement distinctes, celle des humains d'une part, celle des non-humains de l'autre... Tant que nous considérons séparément ces deux pratiques, nous sommes modernes pour de vrai, c'est-à-dire que nous adhérons de bon cœur au projet de la purification critique, bien que celui-ci ne se développe que par la prolifération des hybrides.» (1997: 20-21)



practice I call investment/speculation, deal in just such hybrids or quasi-objects. The materiality of things produced and consumed in modern capitalism is only possible by virtue of the process of translation, in which they are dematerialized and socialized as «instruments» only to regain material form in another part of the economic fabric, much as the characters in *Star Trek* move themselves through space. But the hybrid nature of this process is then dissimulated through the process of purification, in which the material is once again clearly distinguished from the social, and the untenable distinction between investment and speculation re-asserted.

We are now in the position to answer the question with which this article began: what are the origins of the impossible choice between an object and an epithet with which stock market ontology insists on presenting us. Through the process of purification, «financial markets» are objectified, cleansed of all of their disreputable humanizing attributes. «Speculation», on the other hand, is denaturalized into a social fact, a mere qualifier in the natural order of things. But it is through the constant discursive expulsion of the social that the social/material institution of stock markets can grind forward, meeting «needs» with instruments, and otherwise transforming the social/material/discursive landscape of modernity.

This process is neither alienating nor its opposite, but it is transformative. And, from an anthropological point of view, one of the transformations it works has been the creation of a new hybrid form of «community», a techno-social community, linked to itself by a seemingly infinite network of computers (and before computers, telegraphs and ticker-tapes, and before ticker-tapes, the streets and post offices), and profoundly wrapped up in the process of imagining itself. It is this community – which I have called a «community of effects» (Hertz 1998: 28) – that could be both slightly more socialized and slightly more materialized were we to abandon the conceptual/ideological framework of the simulacrum that makes

it feel unreal. We would then be faced with a network of quasi-object – neither mere object of human ingenuity, nor «legal person» subject only to the laws of economics – that we might better harness to the needs of the community it has created. It is in this project that my (speculative) observations are intended to participate.



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opposition recapitulates the opposition between «real» and «false» representation, as articulated by Plato. «Investment» plays the ideal-typical role of the «real» copy, as the investor demonstrates her willingness to orient her representations of future profits around the original, the «real» economy of needs and goods. «Speculation» plays the role of the «false» copy or simulacrum, self-referentially mimicking the form of the «real» economy though circumventing its essence. While the distinction between «investment» and «speculation» breaks down in practice, it is maintained in discourse through the materialist ideologies of production and consumption. In order to jettison this discourse entirely, we must examine what is properly social in the «real» economy, what is properly material in the speculative economy, and how these two logics interrelate. In this enterprise, Bruno Latour's notion of the «quasi-object» as applied to financial instruments gives us a conceptual tool with which to unhinge the phantasmagoric logic of the simulacrum that underwrites representation in and of the stock market.

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Abstract

Stock markets as «simulacra»: Observation that participates

This article argues that popular and scientific conceptions of financial markets are structured by a moral ontology that opposes a «real» to a «false» economy. This