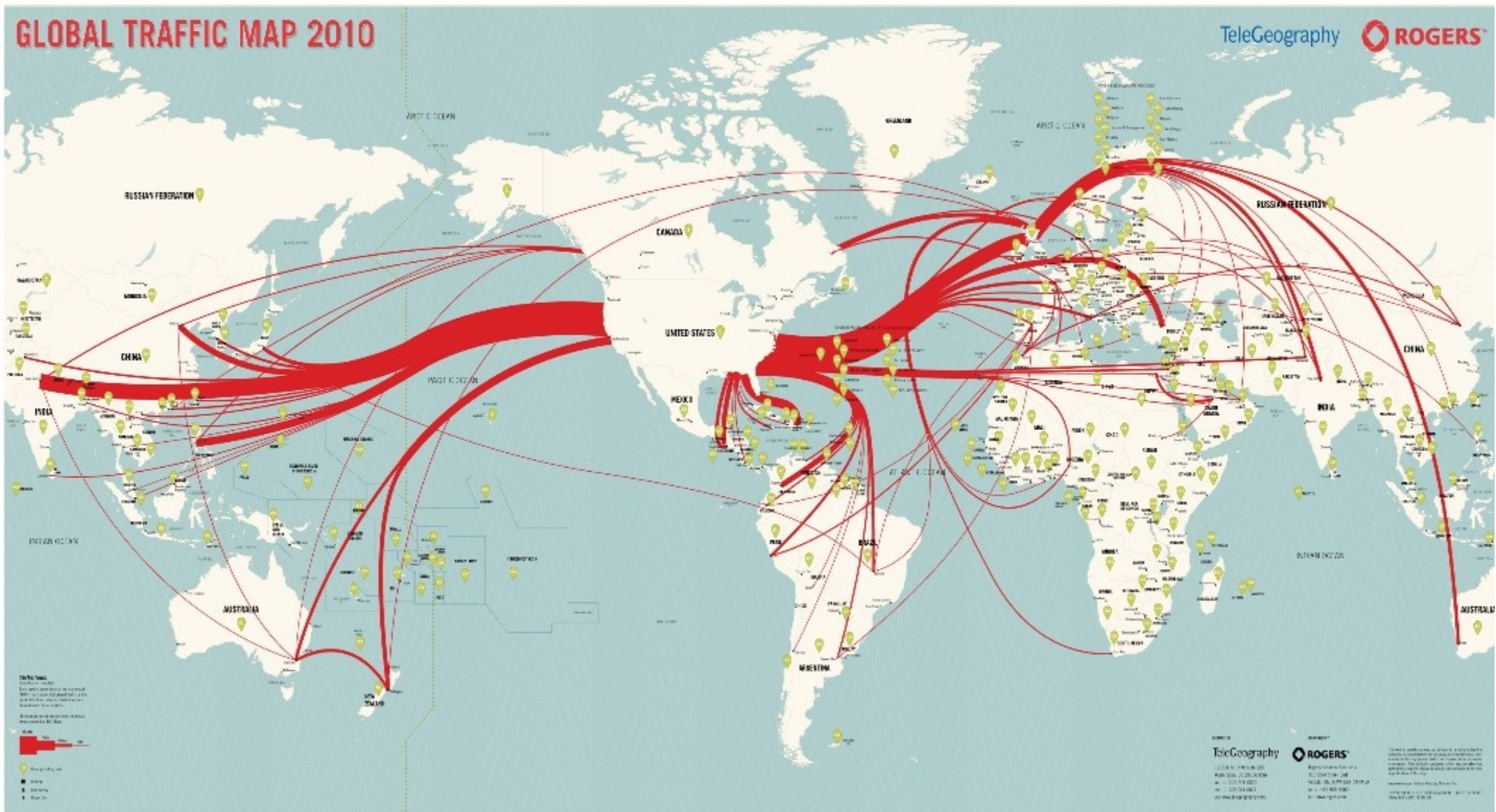
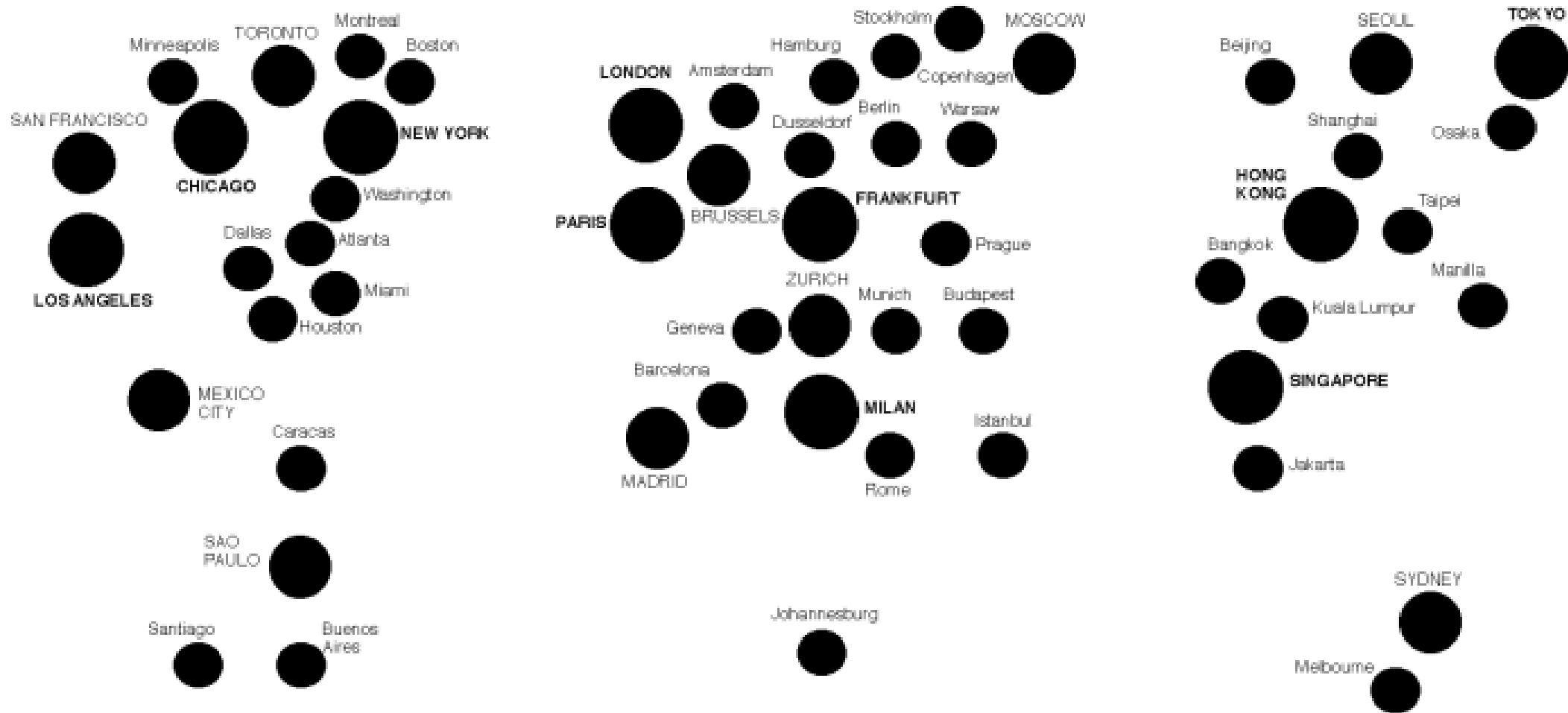


# Neoliberal Informationalism

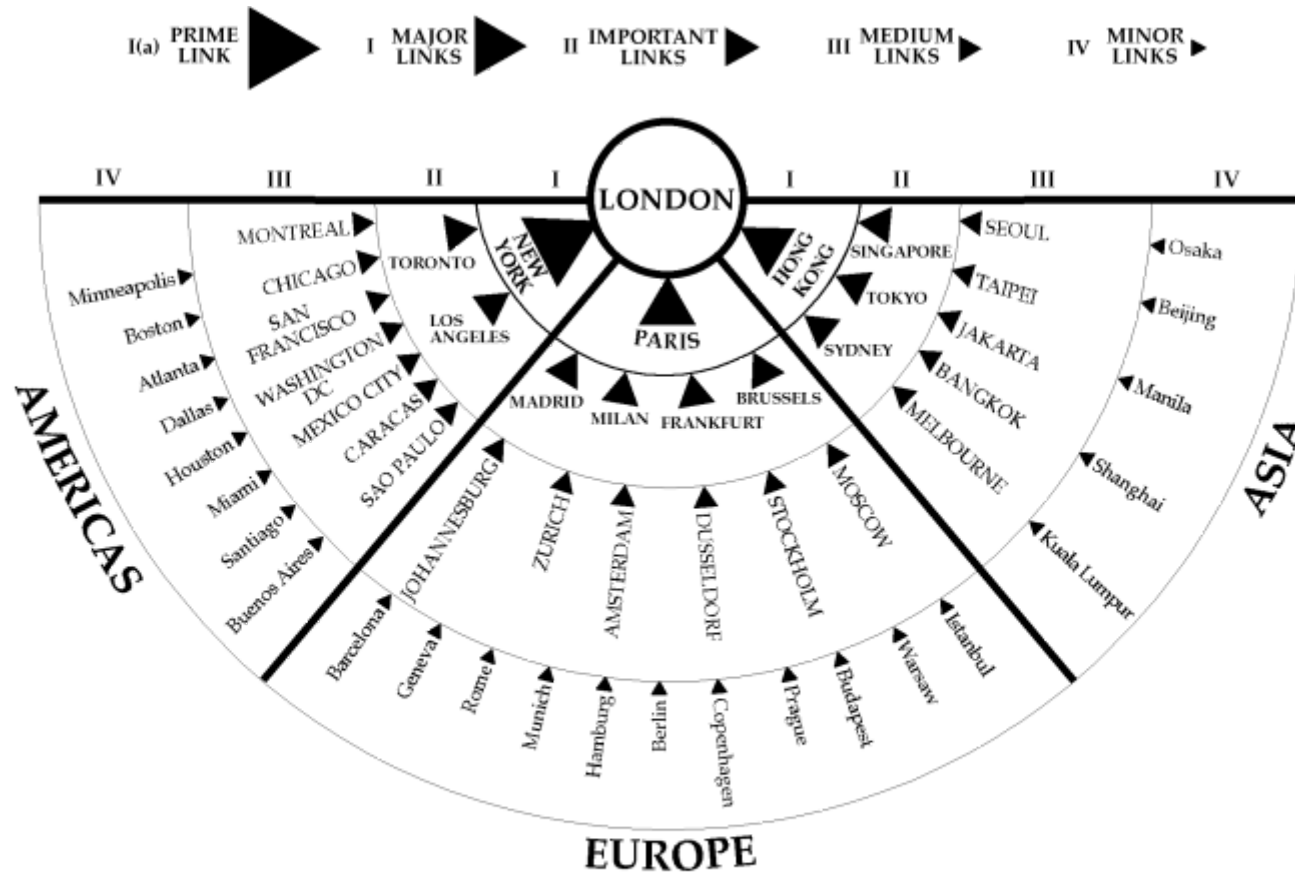


and the urban / regional / global division of labor

# Global Cities Network (2002)

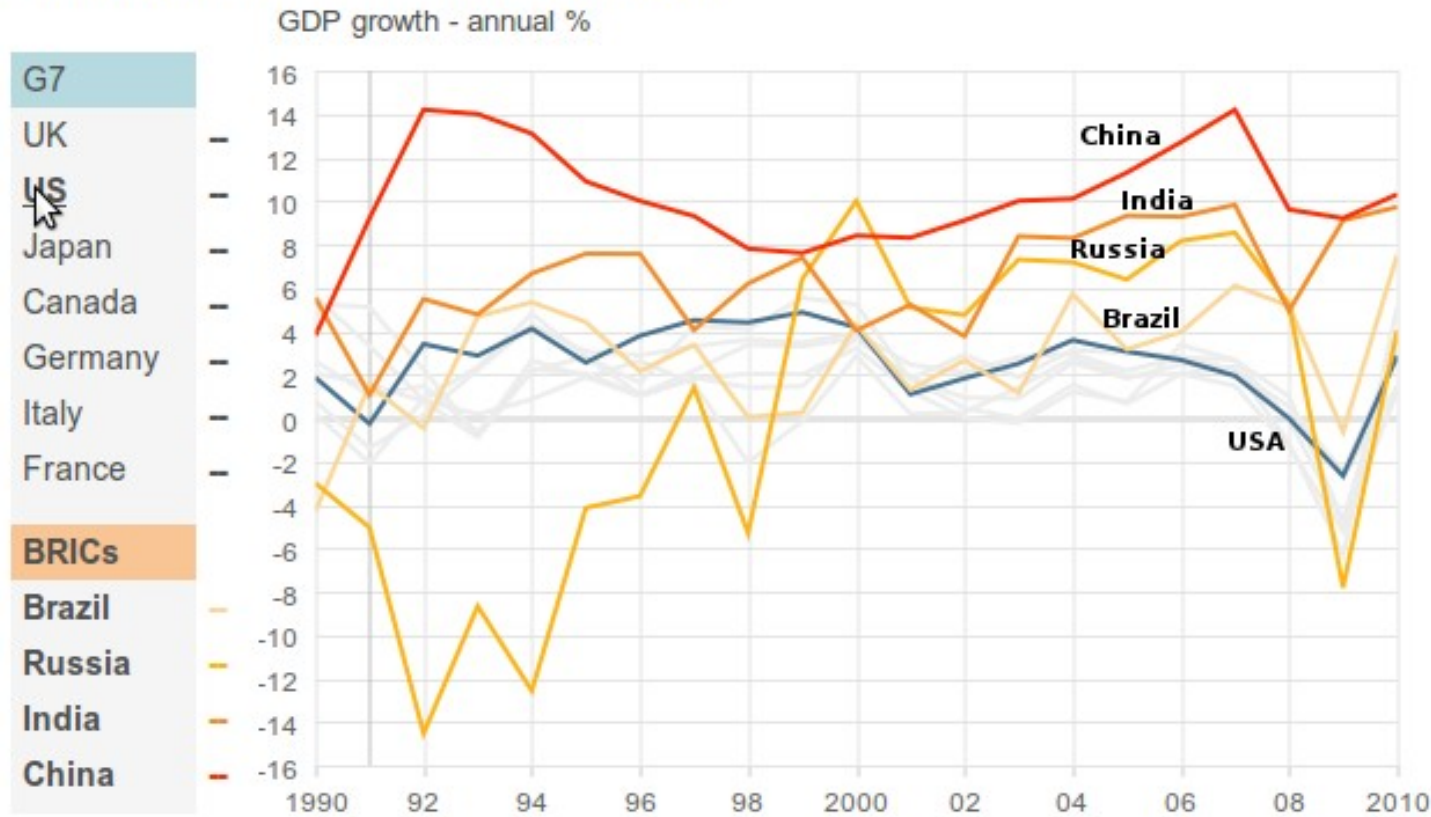


# View from London (2002)



# Former “peripheries” (1990-2010)

GDP growth in Brics and G7, 1990 - 2010



Source: World Bank - GDP at market prices in constant local currencies

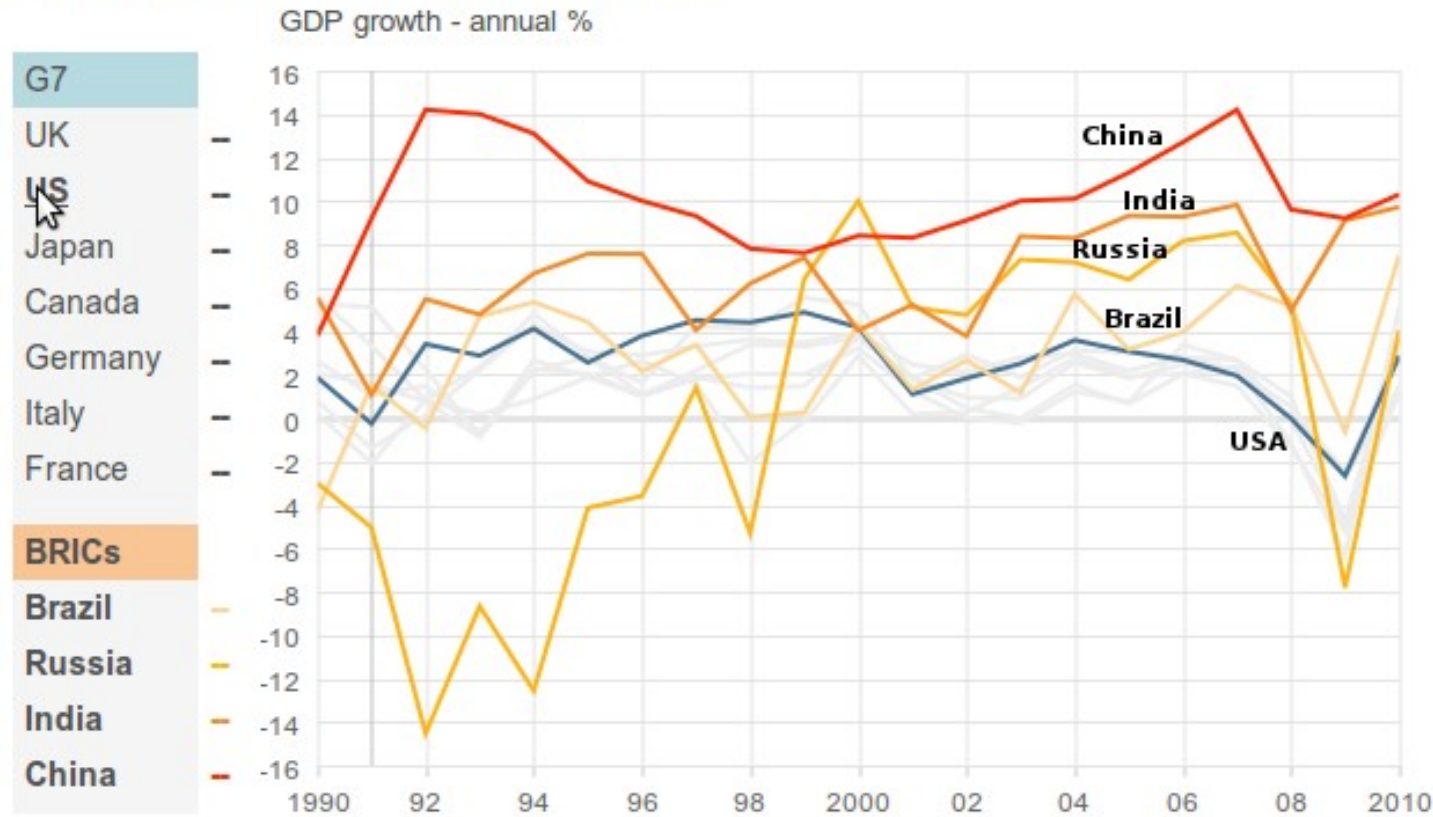
In 1980, the global workforce consisted of workers in the advanced countries, parts of Africa and most of Latin America. Approximately 960 million persons worked in these economies.

Population growth -- largely in poorer countries -- increased the number employed in these economies to about 1.46 billion workers by 2000.



# Former “peripheries” (1990-2010)

GDP growth in Brics and G7, 1990 - 2010



Source: World Bank - GDP at market prices in constant local currencies

In the 1980s and 1990s, workers from China, India and the former Soviet bloc entered the global labor pool. Of course, these workers had existed before. The difference was that their economies suddenly joined the global system of production / consumption. In 2000, those countries contributed 1.47 billion workers to the global labor pool -- effectively doubling the size of the world's now connected workforce.



**How exactly  
did all this  
come to  
pass?**

# Creative Destruction

**M**arx emphasizes how a persistent and generalized fall in the rate of profit transforms inter-capitalist competition from a positive-sum game – in which capitals benefit from one another’s expansion – into a zero-sum [or even a negative-sum] game – that is, into “cutthroat competition”... The fall in the rate of profit and the intensification of the competitive struggle, however, do not end in a stationary state. On the contrary, they lead to the destruction of the social framework in which accumulation is embedded and to the creation of a new one. In Marx’s account, this creative destruction takes three main forms: an increase in the size of capitals and the reorganization of business enterprise; the formation of surplus population and a new international division of labor; and the emergence of new and larger centers of capital accumulation...

Marx draws a distinction between concentration of capital – the increase in size of individual capitals arising from accumulation – and centralization of capital, which transforms “many small into few large capitals”... The centralization and reorganization of capital go hand in hand with the formation of a reserve army of labor and a reorganization of the international division of labor. The extension and speed-up of technological and organizational change strengthens the capital-intensive and labor-saving bias of capitalist development, generating a “relatively redundant population of laborers”... This surplus population is then available for new rounds of capitalist development on an ever increasing scale...

**4** Schumpeter’s analysis of capitalism’s creative destruction covers only a small part of Marx’s ground but has the advantage of highlighting key insights... He divides the incessant working of the

process of creative destruction into two phases: the phase of revolution proper and the phase of absorption of the results of the revolution: “While these things are being initiated we have brisk expenditure and predominating ‘prosperity’... and while they are being completed and their results pour forth we have the elimination of antiquated elements of the industrial structure and predominating ‘depression’.” In Schumpeter’s representation, profit-oriented innovations [and their impact on competitive pressures] cluster in time. However, it is just as plausible to hypothesize that they also cluster in space. We can then substitute “where” for “while” in the above quotation and read it as a description of a spatial polarization of zones of predominating “prosperity” and zones of predominating “depression.”

Schumpeter’s conception of creative destruction has the further advantage of defining the innovations that underlie the process very broadly, as “the carrying out of new combinations.” These include, not just technological and organizational innovations in industry, but all commercial innovations – such as the opening up of a new market, a new trading route, a new source of supply, the marketing of a new product, or the introduction of a new organization in the procurement and distribution of merchandise – which succeed in “leading” the economy into new channels. Schumpeter calls the agents of this leadership “entrepreneurs” – individuals who may or may not be “capitalists,” in the sense of having substantial command over means of production and payment, but who have the capacity to detect and seize the opportunities for excess profits that can be reaped through a rerouting of the established flow of economic life.

Giovanni Arrighi, *Adam Smith in Beijing: Lineages of the 21<sup>st</sup> Century* [London: Verso, 2007], pp. 82-88.



*the mysterious bi-continent*

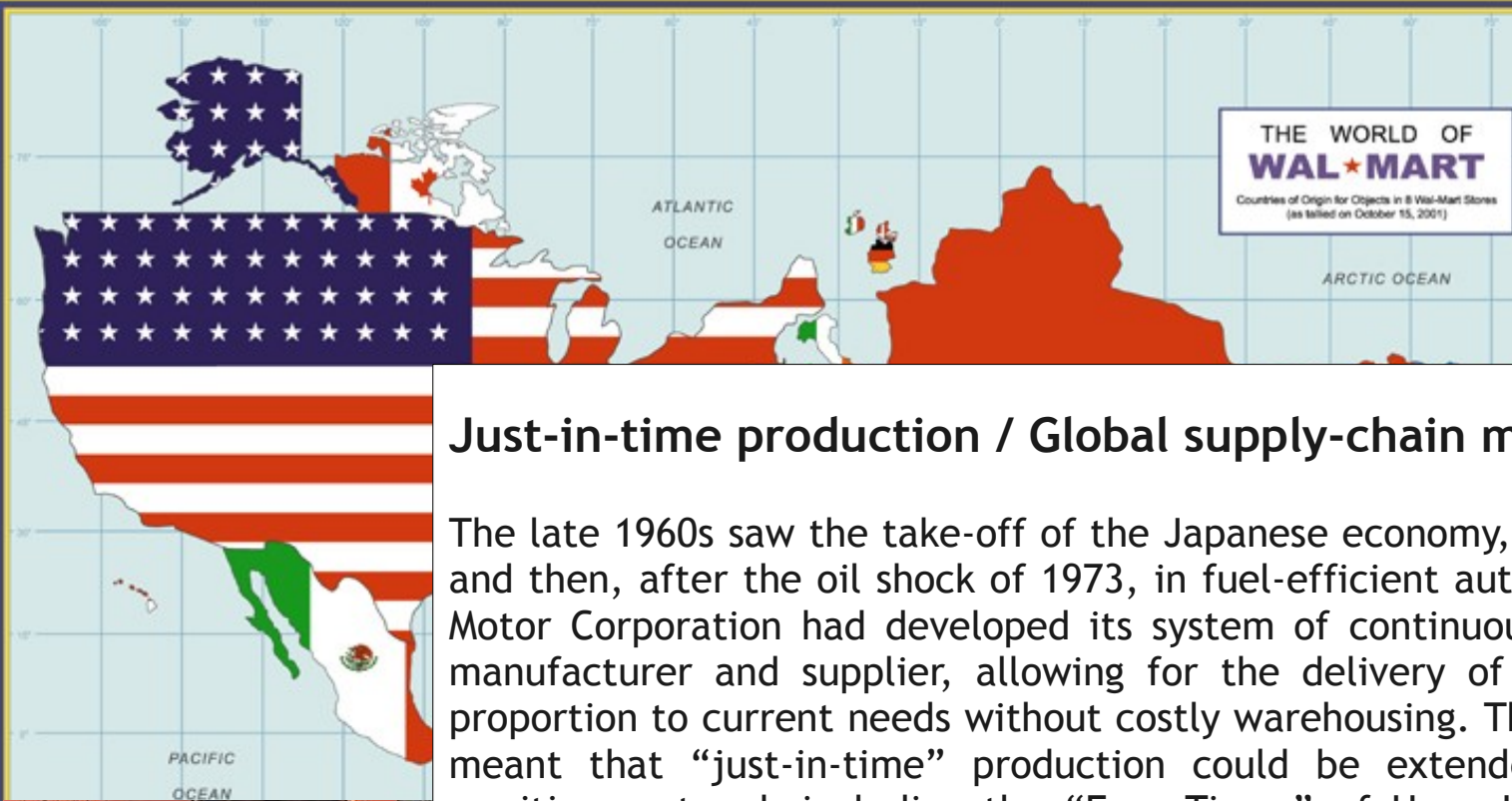
# “Chimerica”

**THE WORLD OF WAL-MART**  
Countries of Origin for Objects in 8 Wal-Mart Stores  
(as listed on October 15, 2001)

**Global Supply-Chain Management**



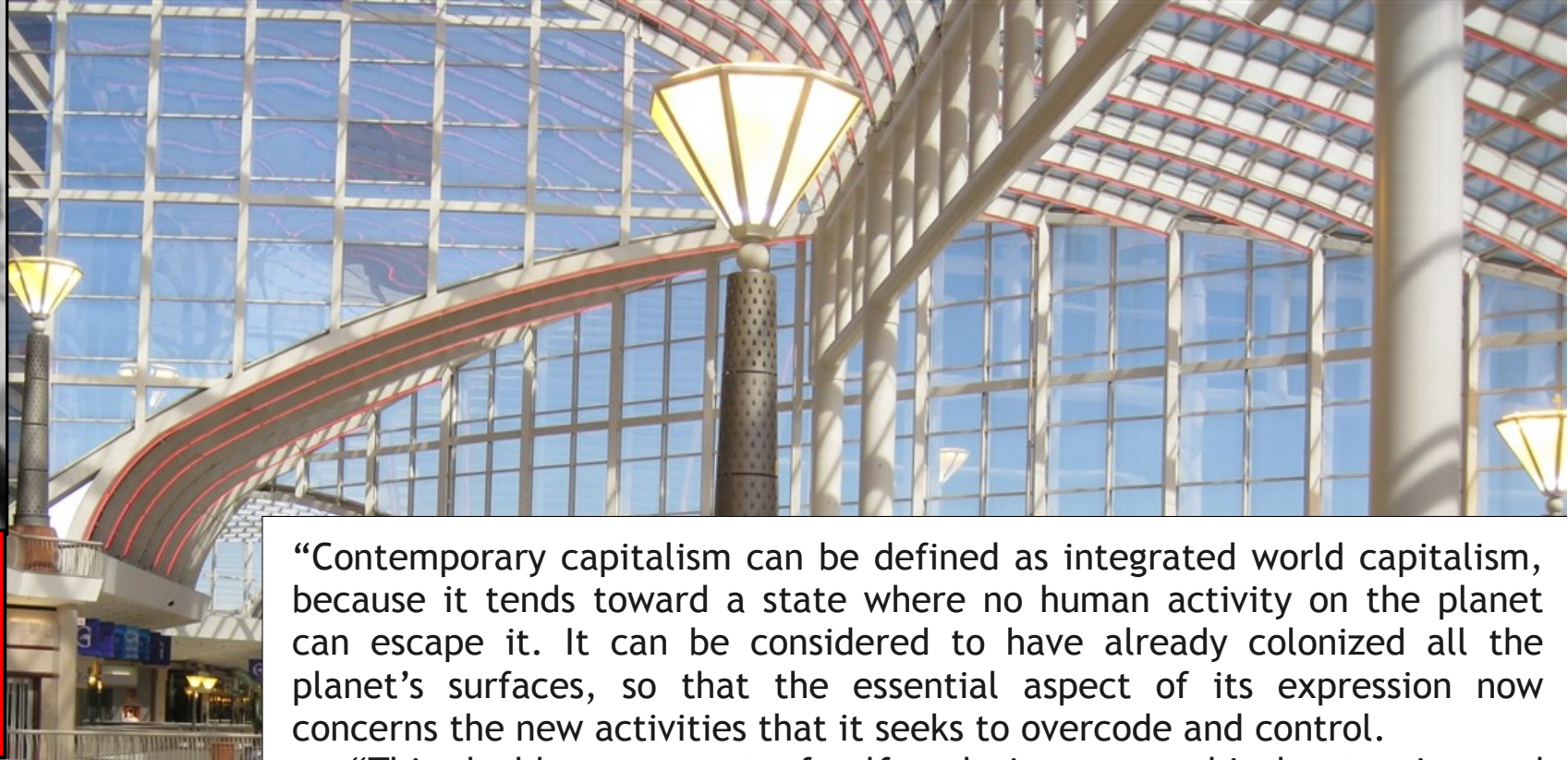
# “Chimerica”



## Just-in-time production / Global supply-chain management

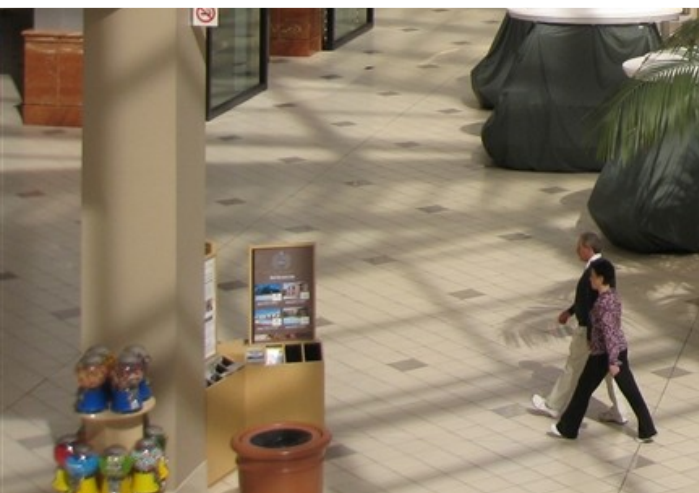
The late 1960s saw the take-off of the Japanese economy, first in light consumer goods and then, after the oil shock of 1973, in fuel-efficient automobiles. Already the Toyota Motor Corporation had developed its system of continuous information flow between manufacturer and supplier, allowing for the delivery of custom-built parts in exact proportion to current needs without costly warehousing. The advent of containerization meant that “just-in-time” production could be extended to an entire East Asian maritime network including the “Four Tigers” of Hong Kong, Singapore, Taiwan and South Korea - a network that would ultimately recenter on coastal China. In the wake of Toyota’s success, just-in-time or “lean” production imposed itself on global auto-makers. It received wider attention through a best-selling industry study entitled *The Machine that Changed the World* (where “machine” refers not to a single device but to an integrated process). JIT is what made the world translocal. However, its adoption by Western corporations after 1989 turned it into something very different from the trust-based relations between manufacturer and supplier extolled by the venerable Mr. Toyoda. What emerged from the open markets of neoliberalism was a vast delivery system commanded by retailers engaged in a vicious search for the best possible price. And that turned out to be the “China price”: the lowest number on the planet for any category of basic manufactured goods.





Integrated World  
Capitalism and  
the Molecular  
Revolution (1981)

## Horton Plaza Shopping Center San Diego, CA



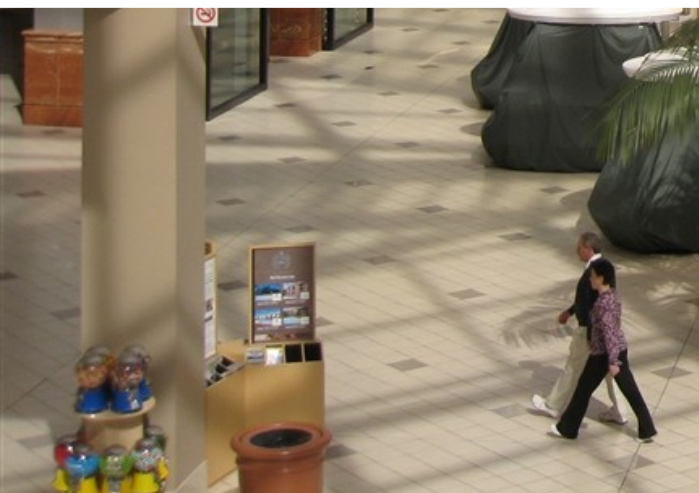
“Contemporary capitalism can be defined as integrated world capitalism, because it tends toward a state where no human activity on the planet can escape it. It can be considered to have already colonized all the planet’s surfaces, so that the essential aspect of its expression now concerns the new activities that it seeks to overcode and control.

“This double movement of self-enclosing geographical extension and proliferating molecular expansion is correlated with a general process of deterritorialization. IWC (integrated world capitalism) respects neither existing territorialities, nor traditional modes of life, nor the modes of social organization of national units which today seem the most well established. It recomposes productive and social systems on its own bases, on what I would call its own axiomatics (axiomatics being opposed here to programmatics). In other words, there is not a program defined once and for all: it is always capable of adding supplementary functional axioms in the face of a crisis or an unexpected difficulty, or of eliminating them. Certain capitalist forms seem to collapse on the occasion of a world war or a crisis like that of 1929, then are reborn under other forms, finding other foundations. This continuous deterritorialization and recomposition affects power formations no less than modes of production (I prefer to speak of power formations rather than relations of production, because the second notion is too restrictive with respect to the subject considered here).”



Integrated World  
Capitalism and  
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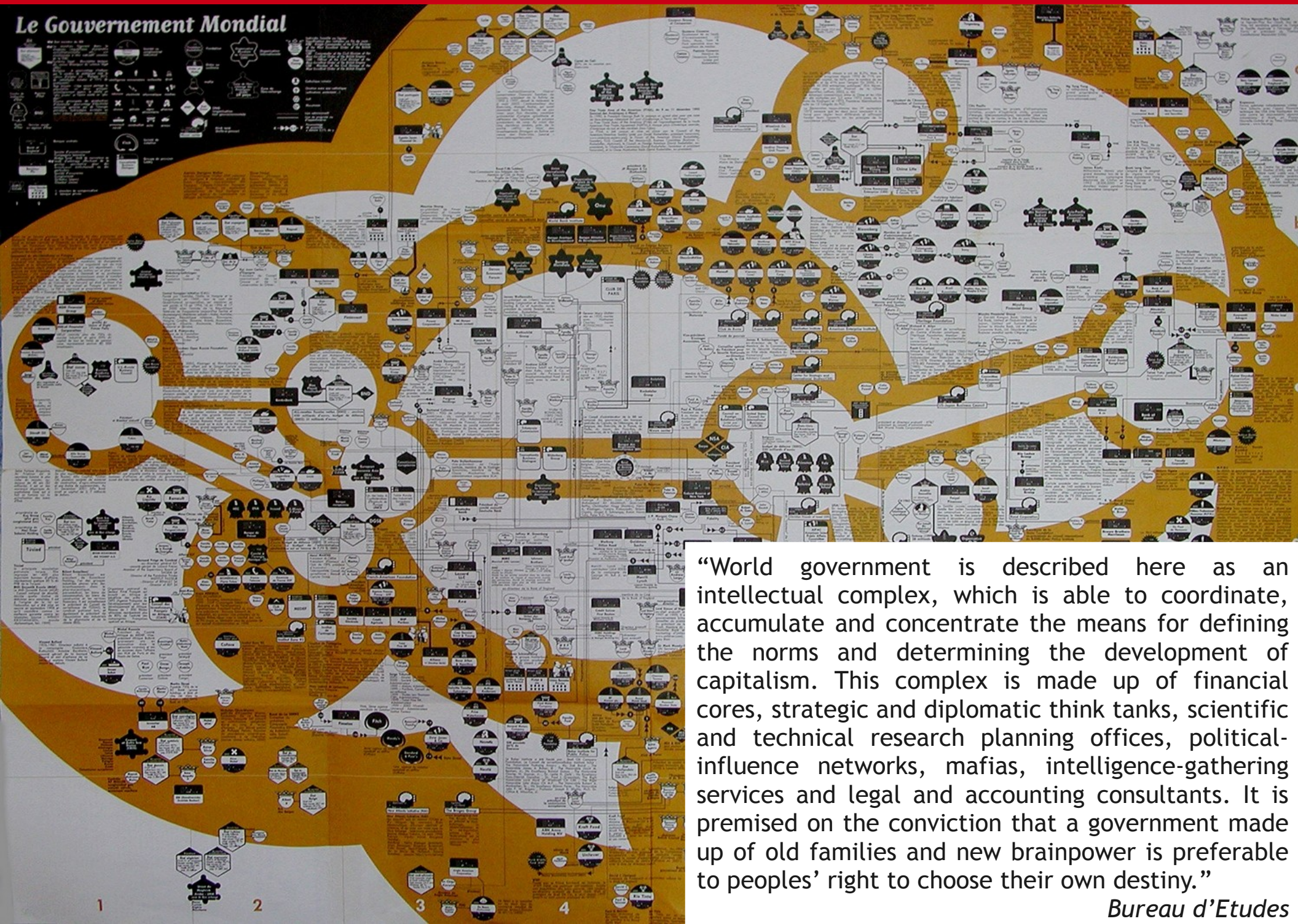
## Horton Plaza Shopping Center San Diego, CA



“As soon as capitalism has invaded the full set of economically exploitable surfaces, it can no longer maintain the expansionist thrust that it had kept up during its colonial and imperialist phases. Its field of action is closed and that requires it to recompose itself constantly upon itself, by deepening its modes of control and subjugation of human societies. Its globalization, far from being a growth factor, corresponds in fact to a radical questioning of its former basis. This could culminate either in a total involution of the system, or in a change of register. IWC will have to find its expansion, its means of growth, by working over the formations of power themselves, by transforming social relations and by developing ever more artificial markets, not only in the domain of goods but also of affects. My hypothesis is that the current crisis - which is not really a crisis, but a gigantic reconversion - is precisely this oscillation between the involution of a certain type of capitalism, which runs up against its own closure, and an attempt at restructuring on other bases.

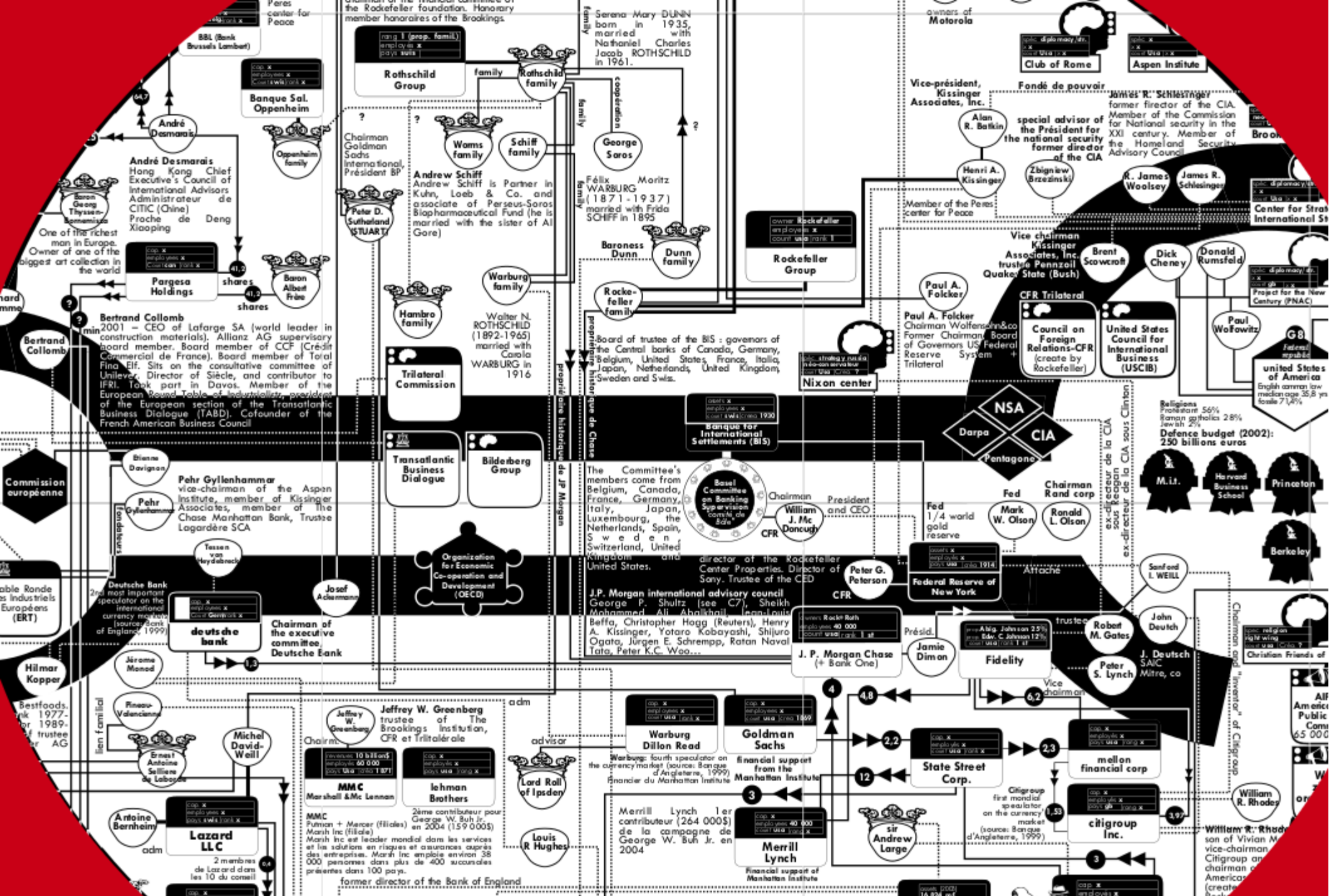
“IWC needs, in other words, to carry out a decisive reconversion, even if it involves completely liquidating former systems, whether on the level of production or in terms of national compromises (with bourgeois democracy or social democracy). This is the end of territorialized capitalisms, of expansive imperialisms, and the shift to intensive and deterritorialized imperialisms.”

# Bureau d'Etudes: "World Government" (2004)

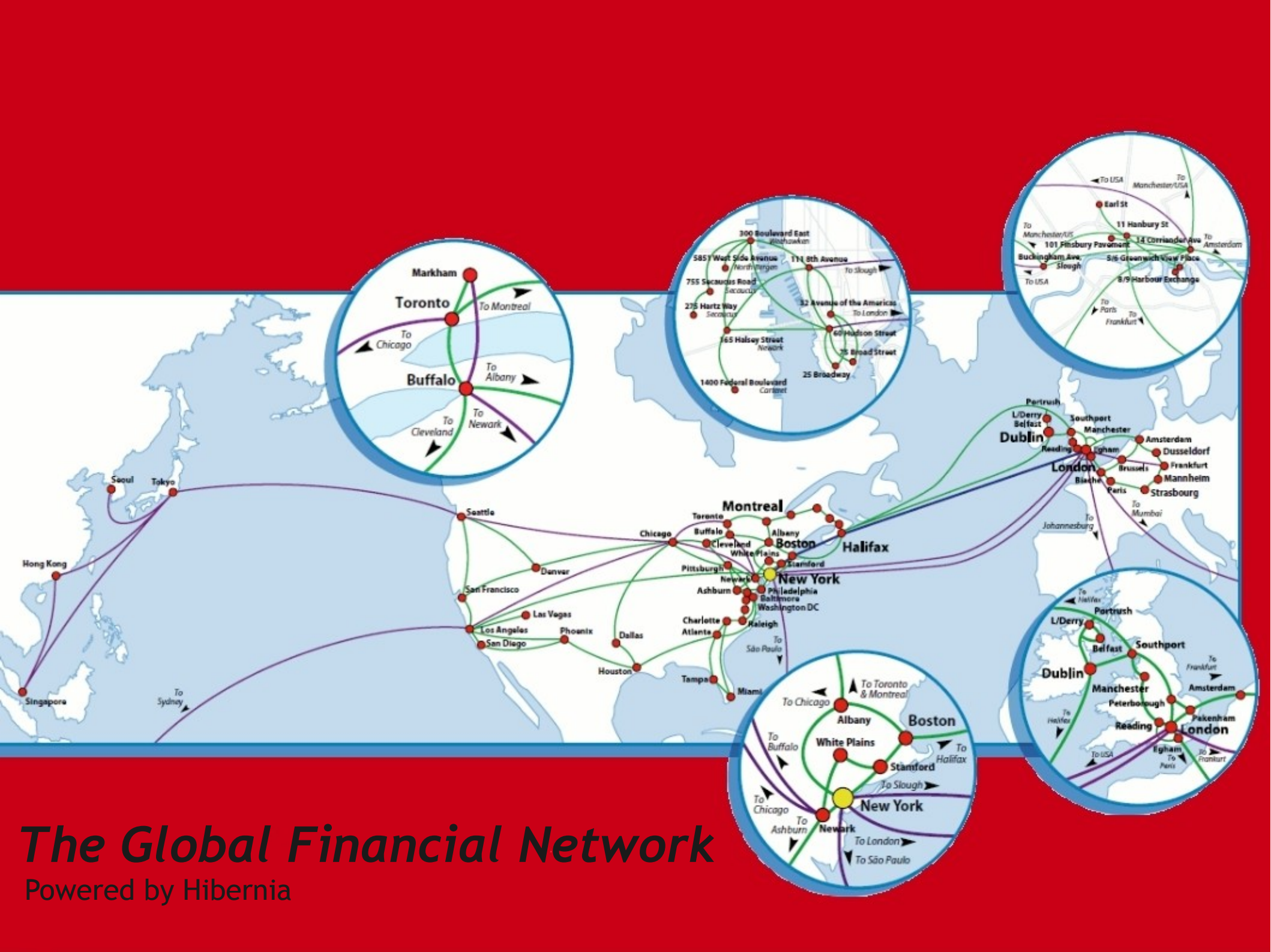


"World government is described here as an intellectual complex, which is able to coordinate, accumulate and concentrate the means for defining the norms and determining the development of capitalism. This complex is made up of financial cores, strategic and diplomatic think tanks, scientific and technical research planning offices, political-influence networks, mafias, intelligence-gathering services and legal and accounting consultants. It is premised on the conviction that a government made up of old families and new brainpower is preferable to peoples' right to choose their own destiny."

*Bureau d'Etudes*



the “financial core”



# The Global Financial Network

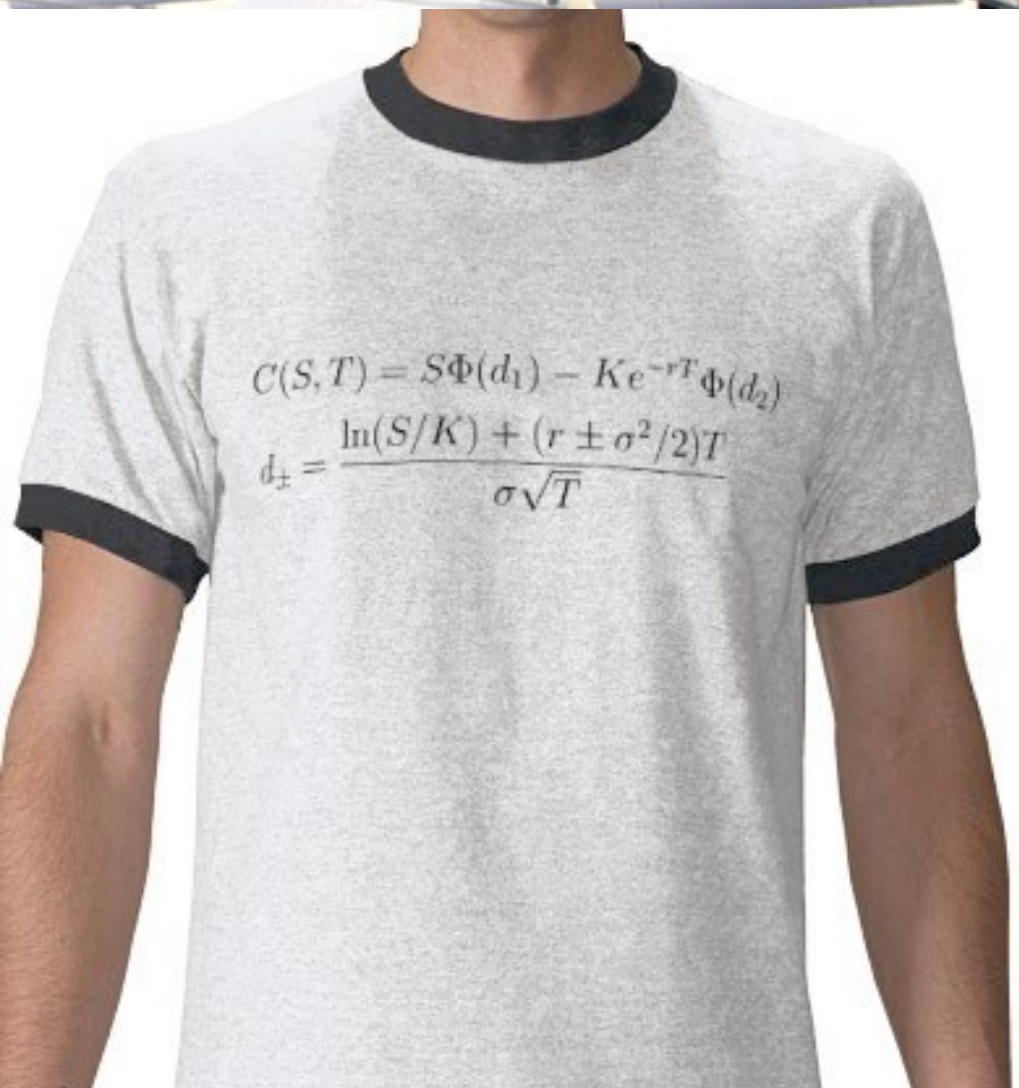
Powered by Hibernia



"The largest securities trading floor in the world. The 103,000 square-foot operation, located in Stamford, Connecticut, has a forty-foot arched ceiling freeing it of columns or walls. The size of three football fields, it is home to 1,400 traders and staff who handle about \$1 trillion worth of transactions a day. UBS officials have boasted that a 747 jet could turn around in it."

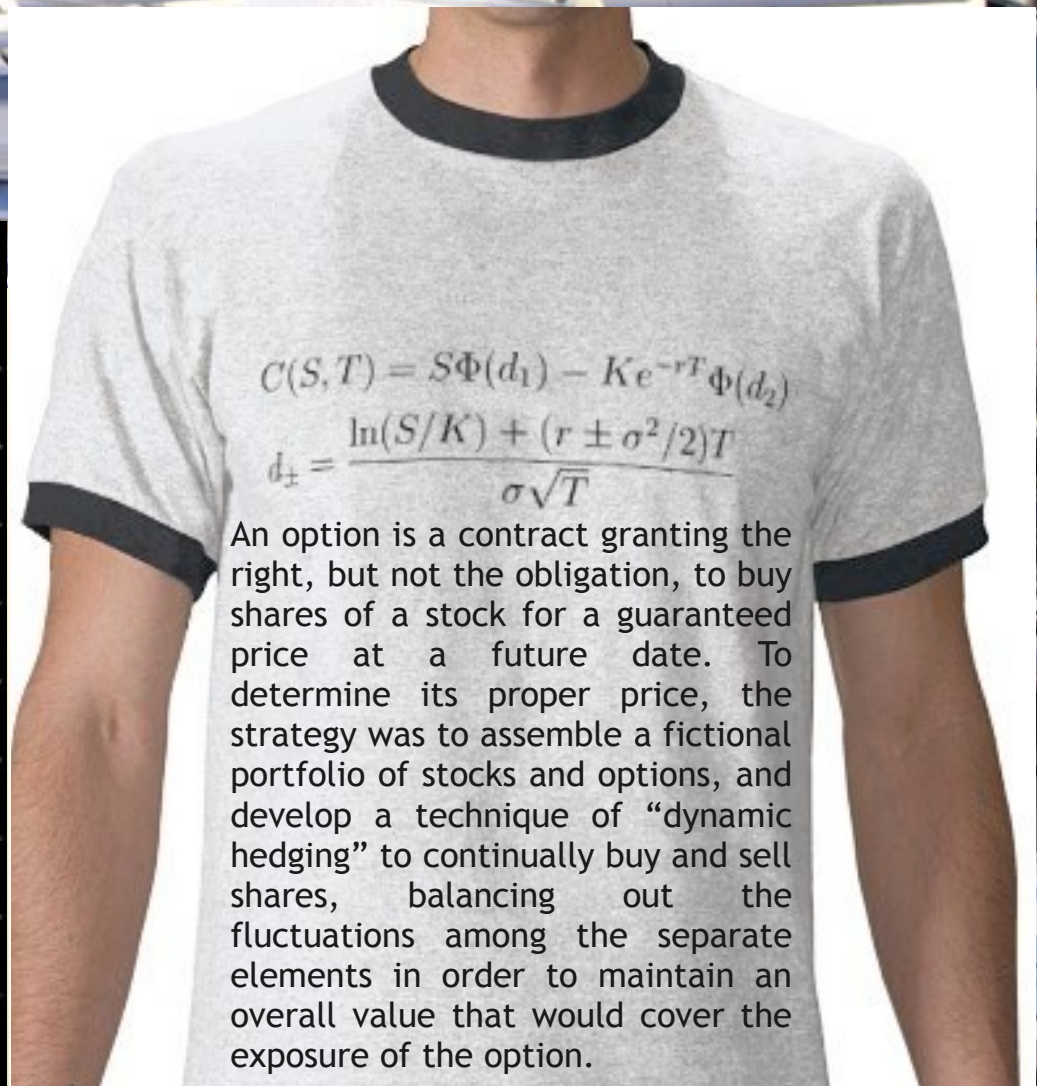


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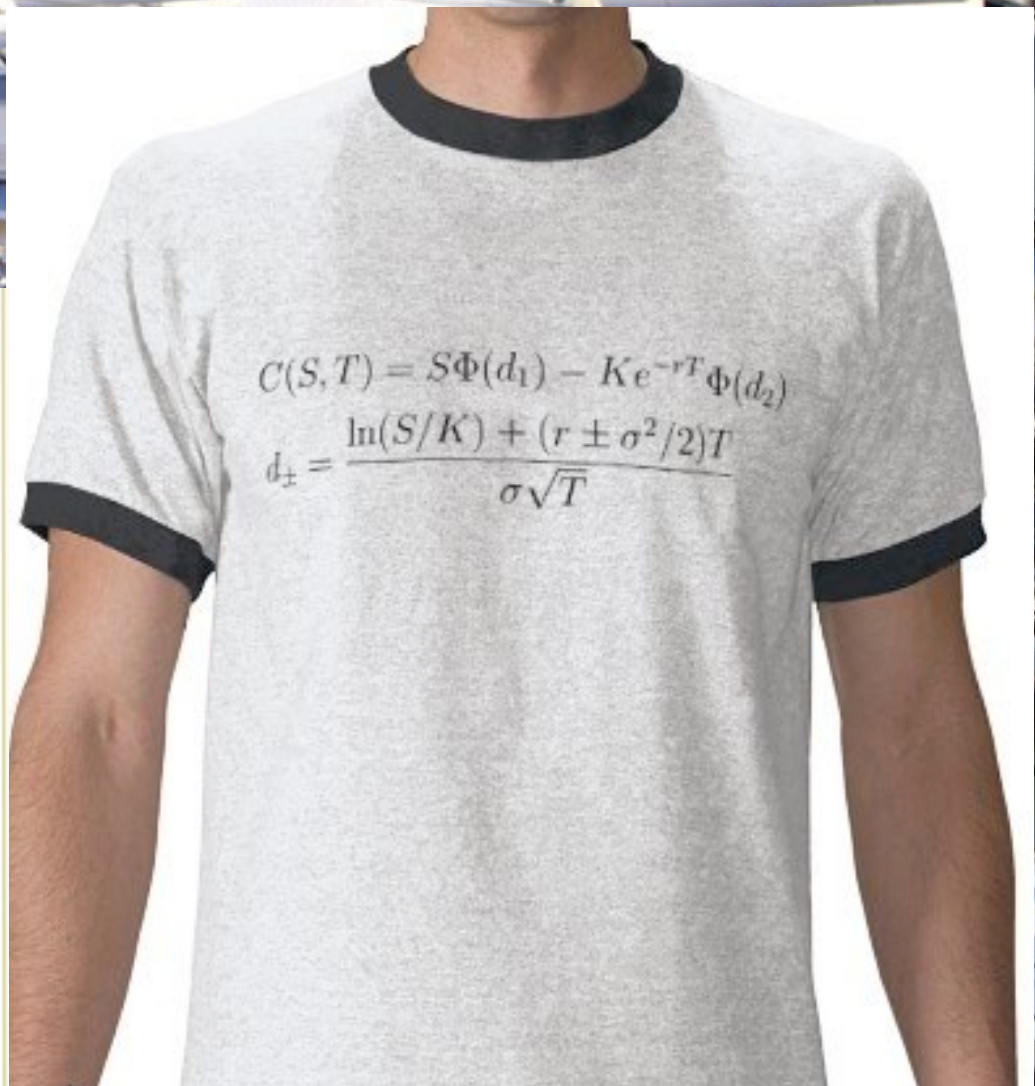
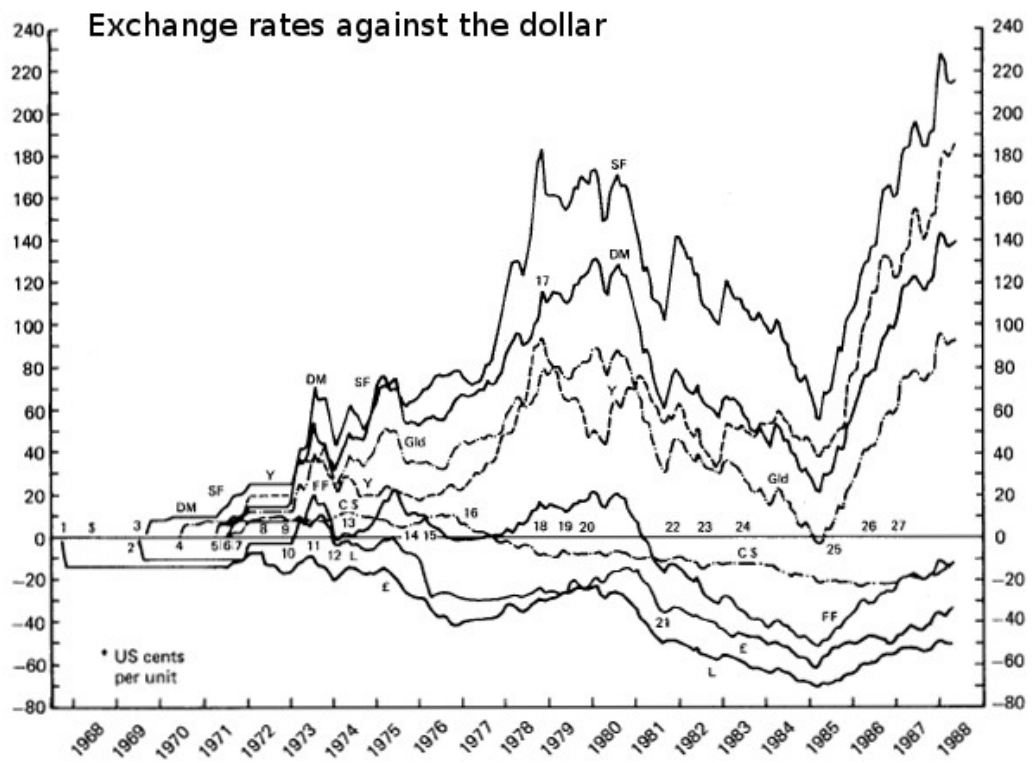


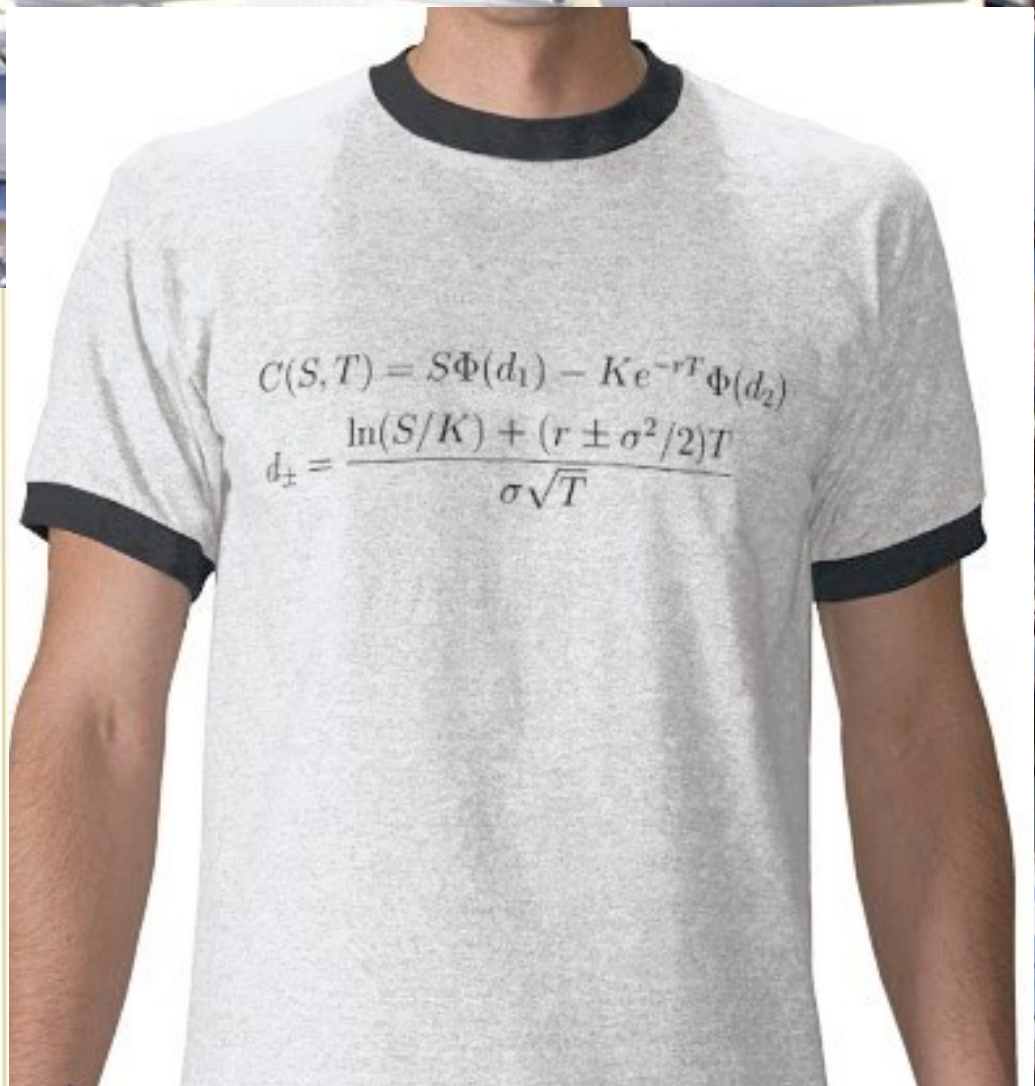
$$C(S, T) = S\Phi(d_1) - Ke^{-rT}\Phi(d_2)$$
$$d_{\pm} = \frac{\ln(S/K) + (r \pm \sigma^2/2)T}{\sigma\sqrt{T}}$$





An option is a contract granting the right, but not the obligation, to buy shares of a stock for a guaranteed price at a future date. To determine its proper price, the strategy was to assemble a fictional portfolio of stocks and options, and develop a technique of “dynamic hedging” to continually buy and sell shares, balancing out the fluctuations among the separate elements in order to maintain an overall value that would cover the exposure of the option.

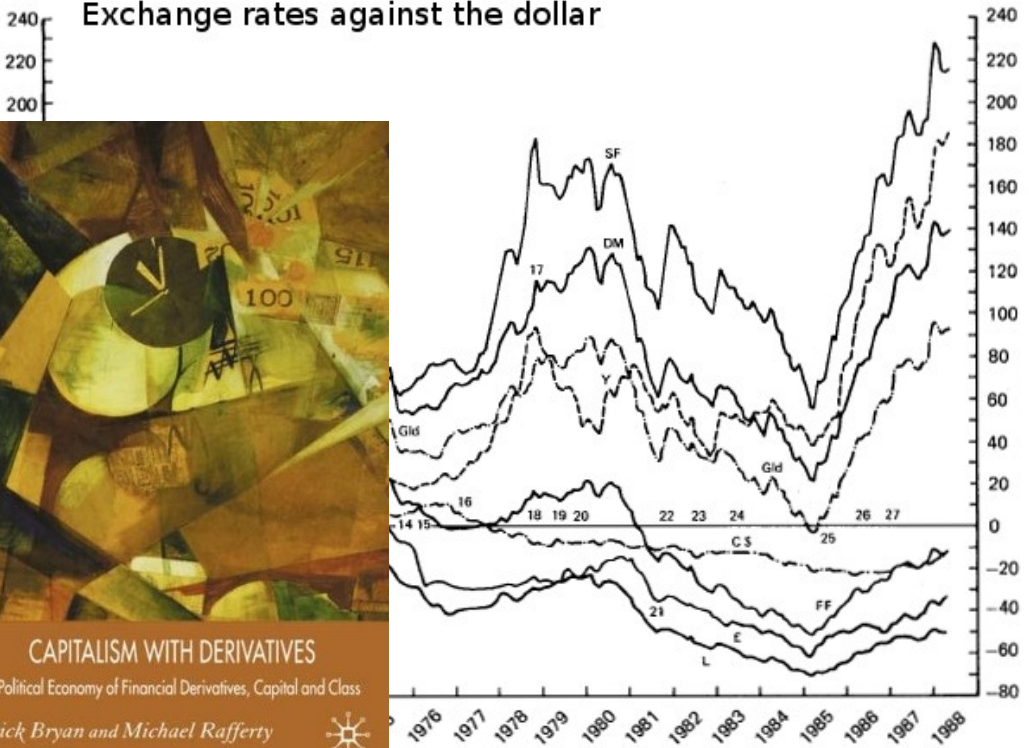




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Exchange rates against the dollar



**CAPITALISM WITH DERIVATIVES**

A Political Economy of Financial Derivatives, Capital and Class

Dick Bryan and Michael Rafferty

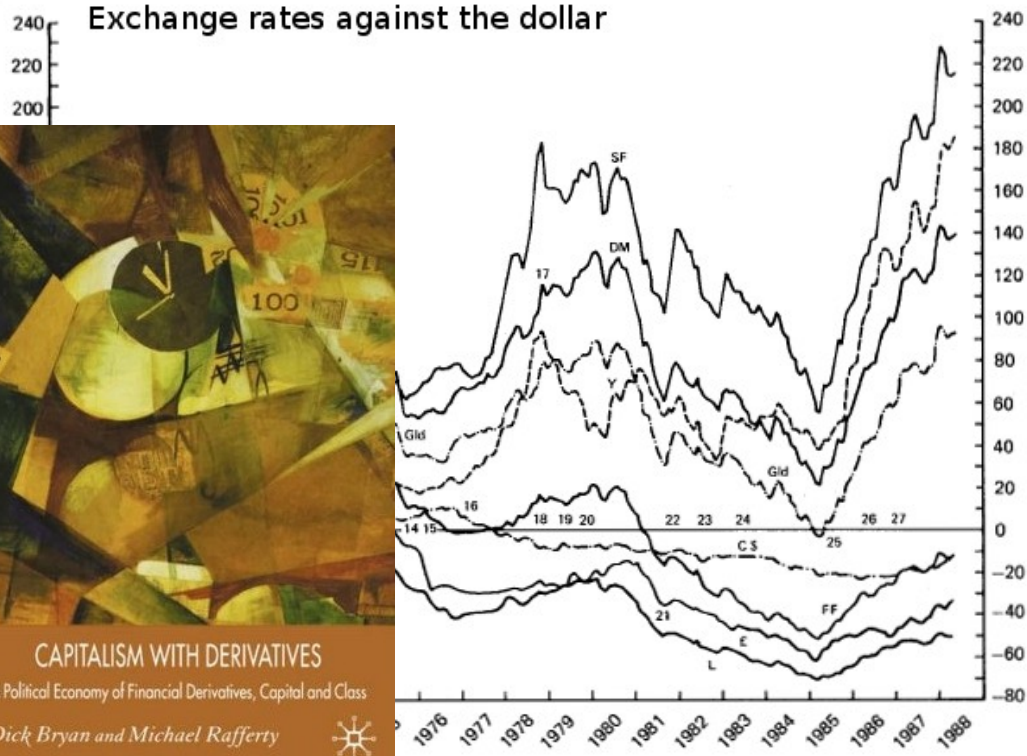




1. Floating exchange rates require labour market flexibility as the mechanism of national economic adjustment to the vicissitudes of the global economy.



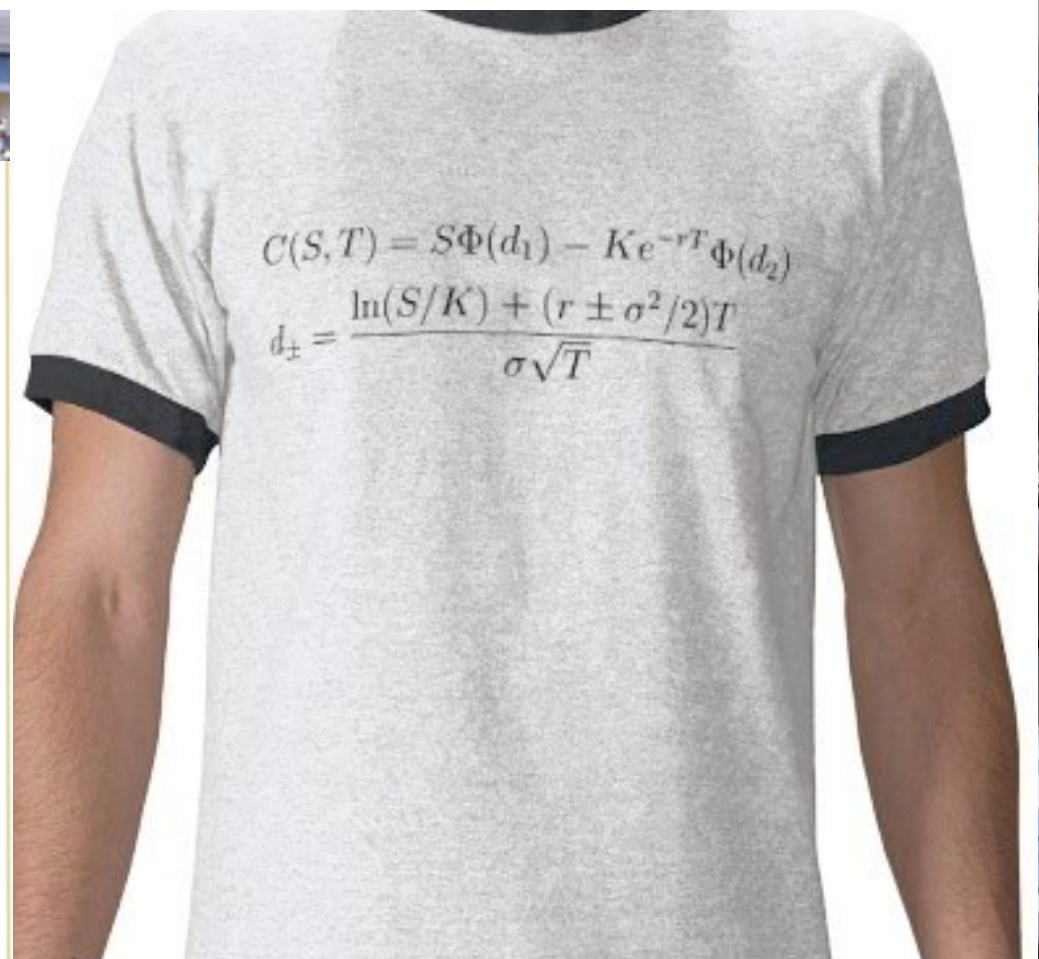
Exchange rates against the dollar



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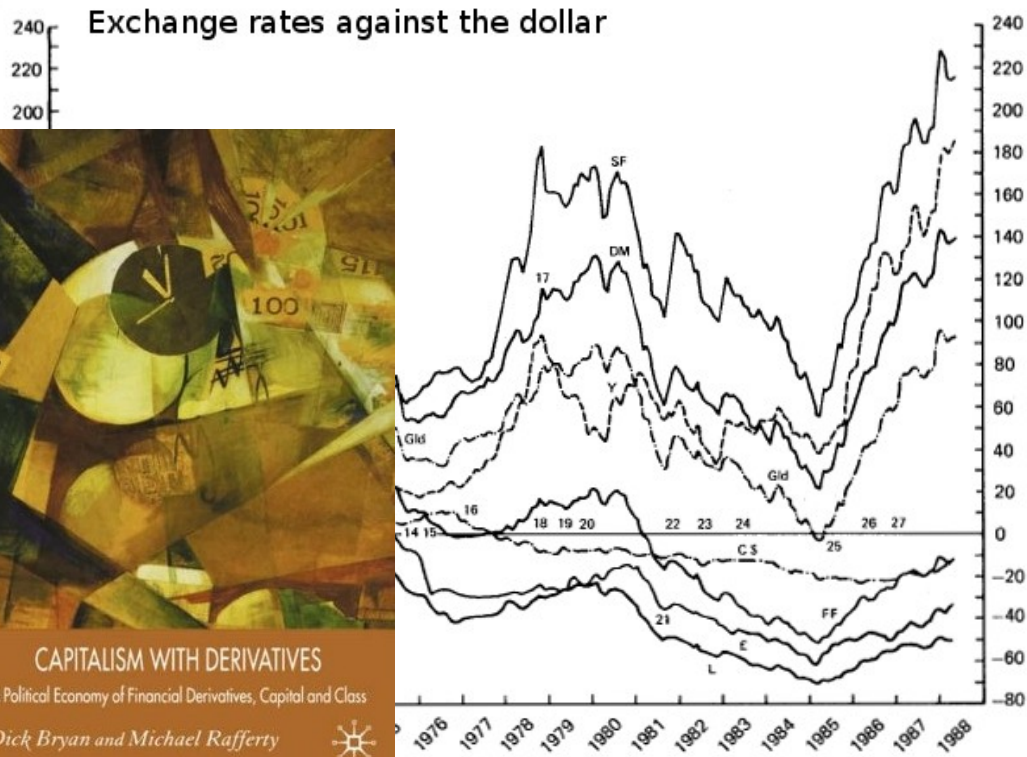
Dick Bryan and Michael Rafferty





1. Floating exchange rates require labour market flexibility as the mechanism of national economic adjustment to the vicissitudes of the global economy.
2. In the context of floating exchange rates, financial derivatives now anchor the global financial system in a role comparable to that played by gold when exchange rates floated freely before the First World War.

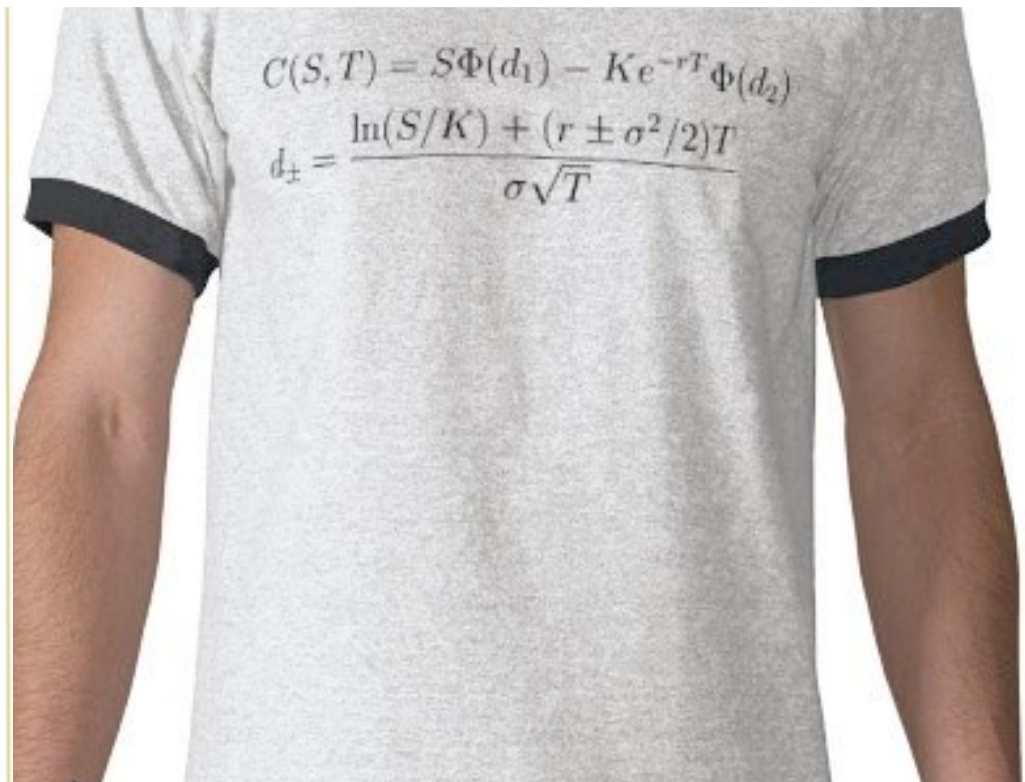
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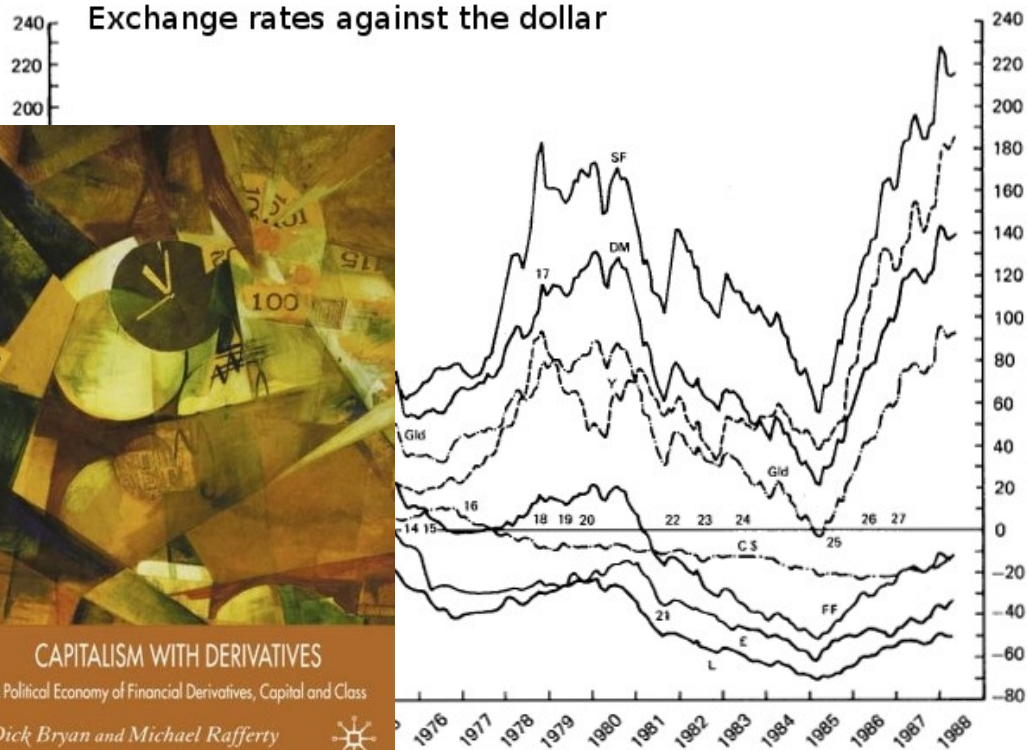
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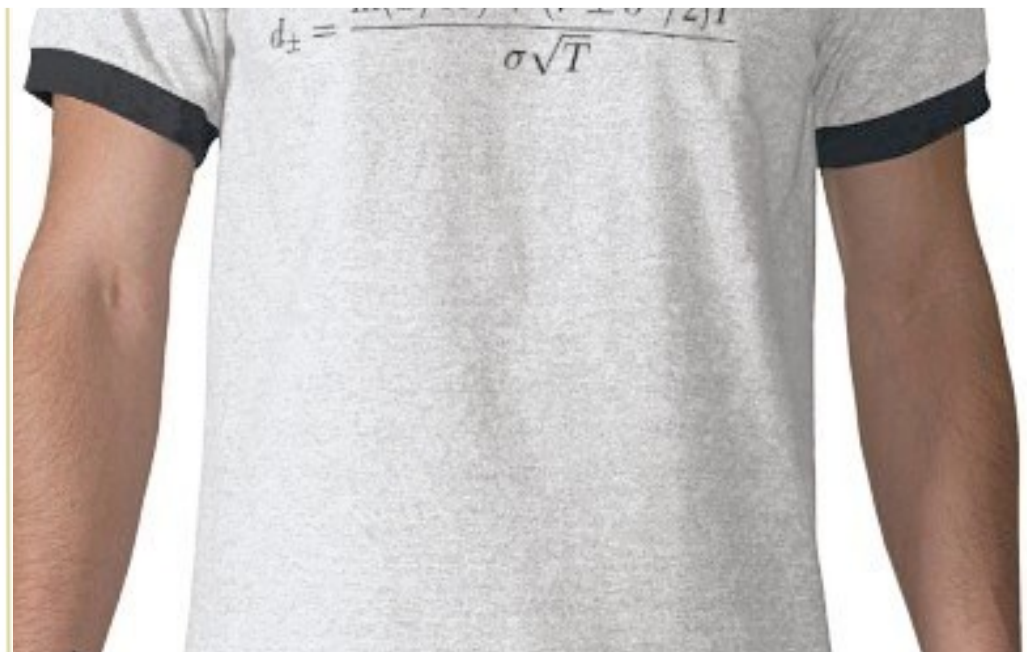
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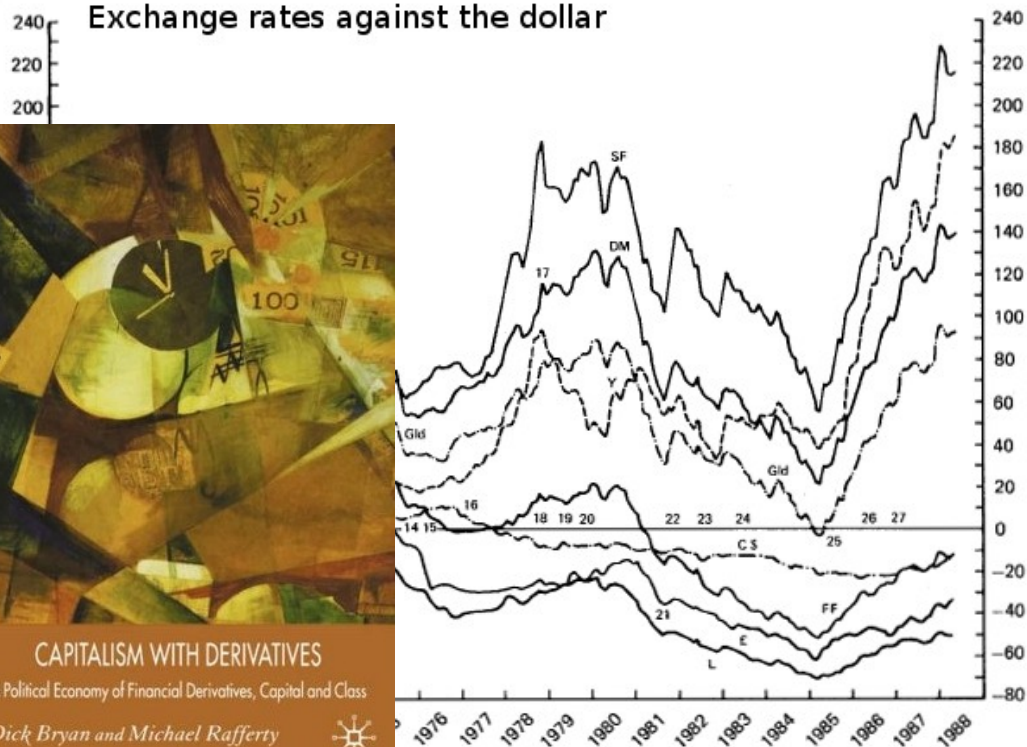
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4. The foundation for derivatives-as-money is not state guarantees, but a commodity basis. The last hundred years has not seen a shift away from a commodity basis to money, but the re-discovery of a new commodity basis.

Exchange rates against the dollar



CAPITALISM WITH DERIVATIVES

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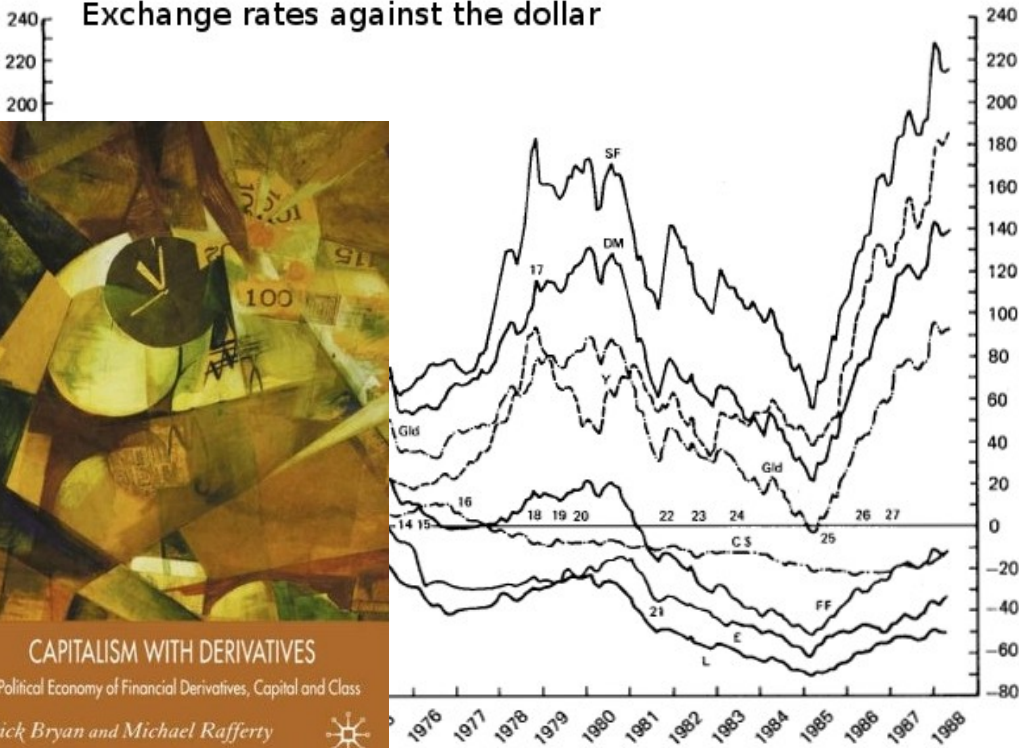
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Exchange rates against the dollar



CAPITALISM WITH DERIVATIVES

A Political Economy of Financial Derivatives, Capital and Class

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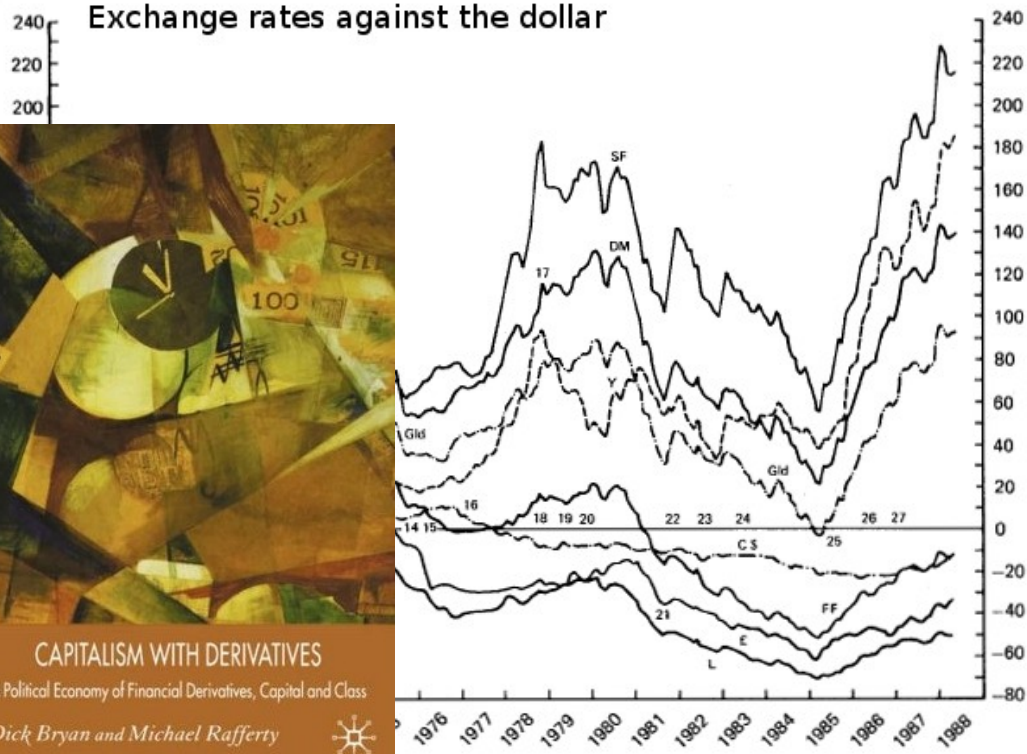






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5. The capacity of derivatives to compare (commensurate) all different types and localities of capital assets is imposing an intensified competition into capital markets, and thereby into all markets.
6. Derivatives generate demands for labour market flexibility. What are widely called 'neoliberal' policies with respect to labour can be associated directly with the ubiquitous impact of derivatives. Via the intensely competitive conditions derivatives create for capital, pressure reverts to labour as the primary area where capital can exert creative discretion in the pursuit of profitability.

Exchange rates against the dollar



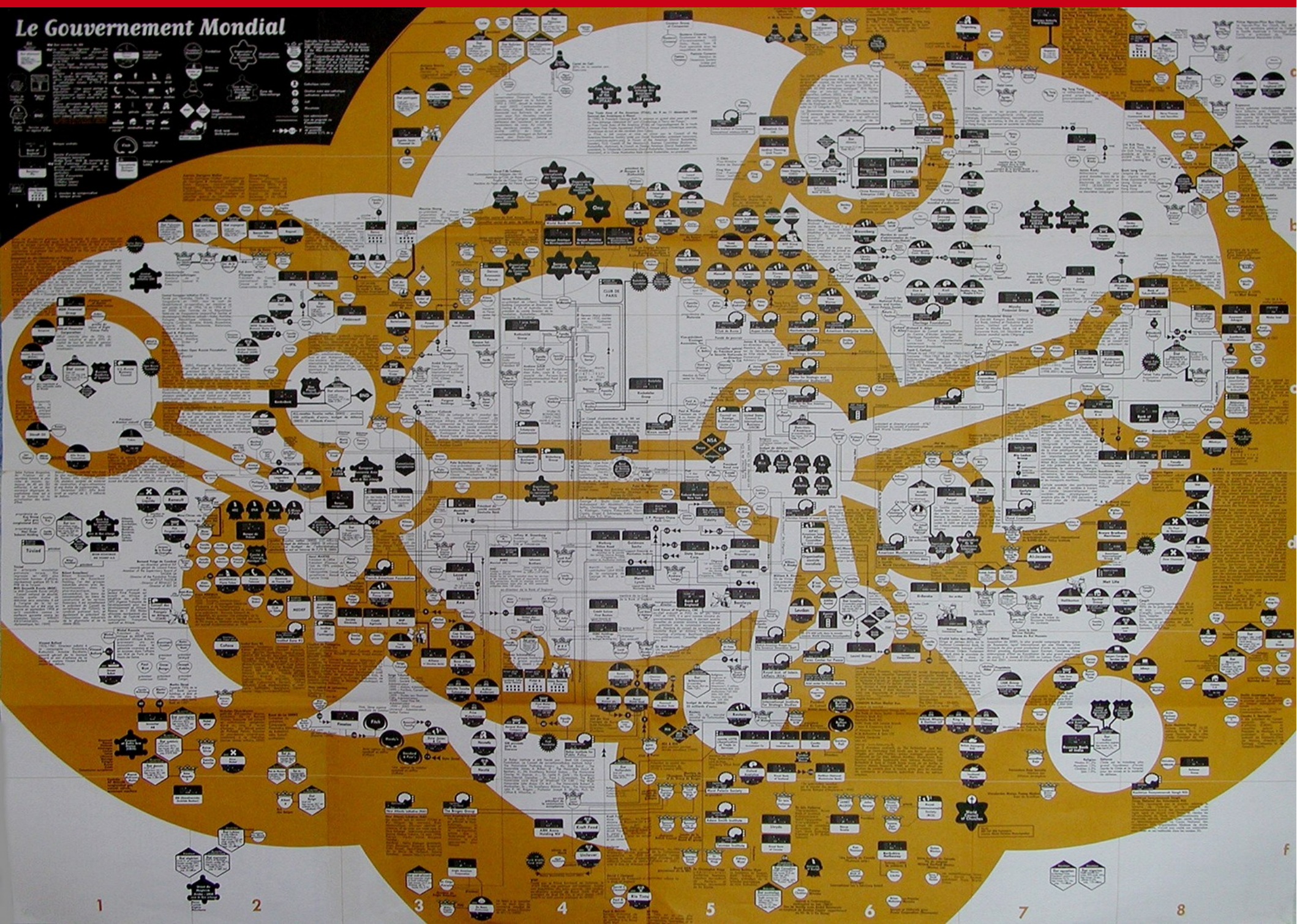
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# Bureau d'Etudes: "World Government" (2004)



A derivative is a fungible contract, created by applying a mathematical formula to an aspect of an underlying asset whose price is susceptible to fluctuation on volatile markets. By assembling constellations of values that statistically tend to fluctuate in opposite directions, derivatives are supposed to mitigate the risks of globalization. All risks, including collective ones, are to be made into salable products, formatted for the market by private actors in search of a profit.



Although it is salable, the derivative cannot be understood as an ordinary commodity. Marx described the commodity as that product of human labor whose exchange value, seemingly animated with a life of its own, acts to render invisible the social relations that produced it. Derivatives, however, have nothing directly to do with production; instead they are conceived to manage the environmental risks that weigh on the future of speculative activity. They are meta-commodities that govern the unfolding of the contemporary economic model.



Derivatives are sold like simple widgets, magic things. Their fascinating appearance acts to conceal the private deliberations that effectively reshape the environment in which any productive or consumptive activity can take place - that is to say, they reshape the world we live in. In the same way that the glitter of the commodity conceals the labor process that produced it, so the aura of computerized trading conceals the contemporary governing process. The consequence of derivatives is the privatization of government.



**Let's  
imagine  
something  
else**

**a  
monetary  
system  
based on  
soil for  
life-energy**



Claire Pentecost, "Soil-Erg" (2012)

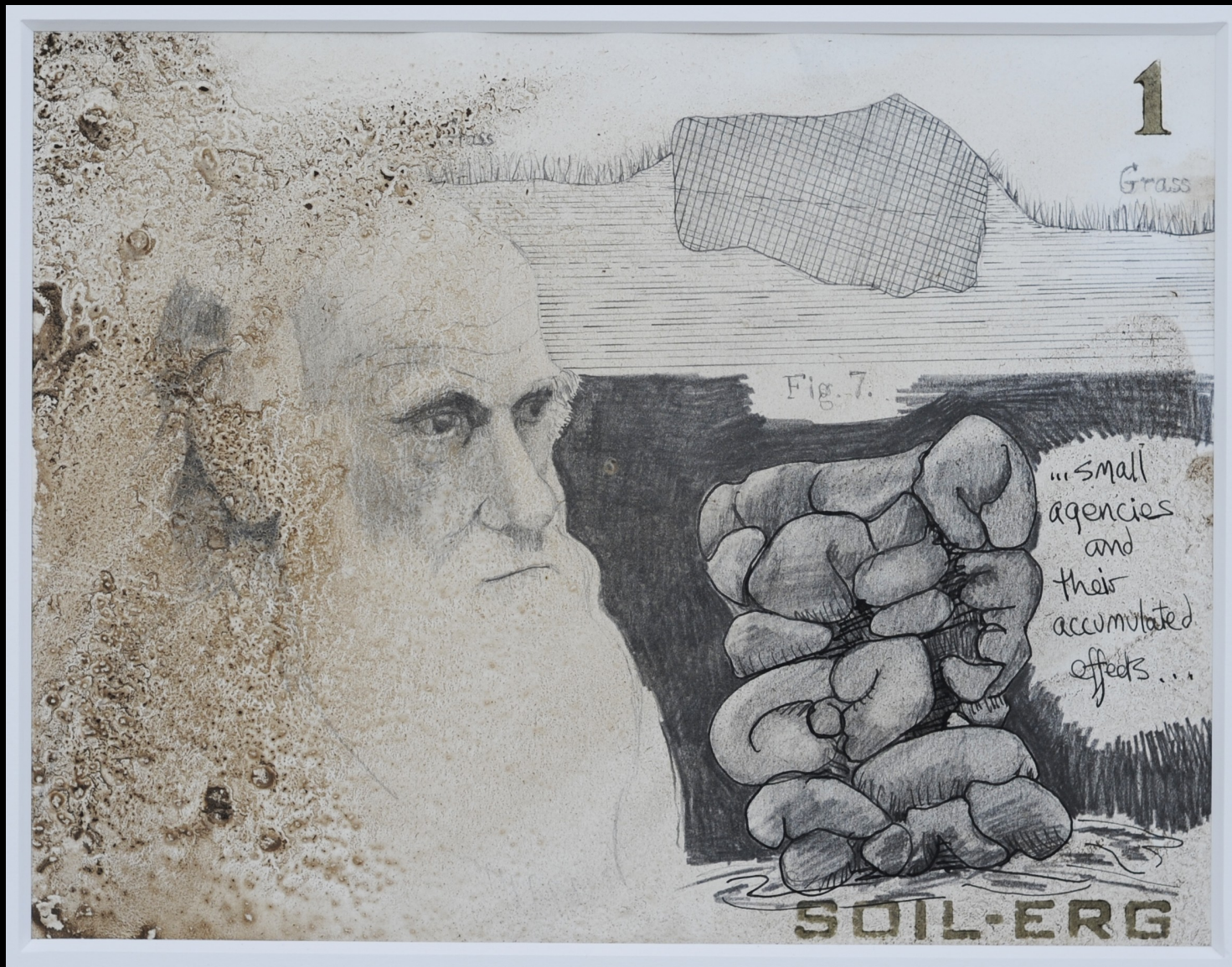




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