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## Money is its own veil

### Tse Pak-shing

This paper attempts to address the most acute problem of our society, financialization, but to which with the least attention paid to in a current polemic entwined with different discourses of liberalism and Marxism<sup>1</sup>. Unlike those pieces in the polemic, this paper is not going to get involved into the debate, refuting or supporting those arguments one by one, but first to problematize the social imagination behind the polemic, i.e. how did those writers imagine our society; second to invite a perspective of financialization as a framework to conceptualize the most powerful force mobilizing us in our everyday life; and finally to analyze how finance shape our subjectivity and ruin our ecosystem.

I will not comment on their main arguments as it will slide my interpretation too simply to careless (or sometimes deliberate) distortion some sort. But I still want to take the risk, but from other perspective, to depict their imagination born in mind. Those articles are of high quality. Reading them one by one, you will get many insights; but a suspect will be raised after you integrate all those authors' views with the context of our current situation: what sorts of ideal society are there in their mind? It seems to be so apparent that on one side the argument is for the socialism and the other is liberalism. But what image of our society did they articulate those theories to represent in front of us? This perspective covers too many things to be discussed. Maybe we can take a detour to inquire into this question before going forward.

To begin with, I would like to narrow down the inquiry by drawing the attention to one of the key words in those articles: liberty. No one will oppose the ultimate aim of this polemic is to find a way out of capitalism, or the current political and economic plight of Hong Kong, to embrace liberty. In Chinese translation, “freedom” and “liberty” may seem to be of the same meaning (自由). In Prof. Chow Po-chung's Chinese writing apart from this polemic before, he did define what “freedom/liberty” is by saying that whenever a (wo)man is free from any restrictions to do what s/he really wants to.<sup>2</sup> This definition comes from Gerald C. MacCallum, Jr.'s essay *Negative and*

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<sup>1</sup> It is a current polemic begins with an article talking about localism in Hong Kong. But it unexpectedly triggers a debate between liberalist and Marxist. I list out all the articles included in this polemic in the appendix of this essay.

<sup>2</sup> 周保松：〈市場、金錢與自由〉(Prof. Chow shared this article on his Facebook page.

<https://www.facebook.com/notes/%E5%91%A8%E4%BF%9D%E6%9D%BE/%E5%91%A8%E4%BF%9>

*Positive Freedom* as Prof. Chow stated at footnote of his article. When I read MacCallum's original text, I found he tended to use "freedom" and "liberty" interchangeably without a strict distinction. In the main body of MacCallum's essay, he always used "freedom"; but at the footnote, he quoted John Lock's definition of "liberty" which stated that "liberty . . . is the power a man has to do or forbear doing any particular action according . . . as he himself wills it." (*Essay Concerning Human Understanding*). But anyway MacCallum did not point out the distinction between those two words. In the polemic, however, Prof. Chow employed the word "liberties" rather than "freedom".<sup>3</sup>

It seems to be quite stubborn to dig up the definition at the risk of taking opinion as fact because definition in certain extent is merely discourse. But the subtle difference between "freedom" and "liberty" in this polemic may lead us to the picture the writers perceived when imaging our society. When looking up at the dictionary, "freedom" and "liberty" are of slight difference. "Liberty" which comes from Latin<sup>4</sup> means the state of being free within society from oppressive restrictions imposed by authority on one's behavior or political views;<sup>5</sup> "freedom" is the power or right to act, speak, or think as one wants.<sup>6</sup>

Bearing this subtle difference in mind, therefore, oppression is the key obstacle leading the way to liberty. But what sort of oppression is out there in our society? The oppression one recognizes is at the same time the situation how one imagines a society s/he living in. It is the two sides of the same coin. In the polemic, the biggest obstacle being addressed seemed to be poverty. To be more specific is the inequality between the rich and the poor which is a monstrous discrepancy. In such an imagination of society as keeping a low social welfare, no retirement planning, insecure contract and temporary jobs etc., liberalistic agenda would like to invite the government's

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[D%E6%9D%BE%E5%B8%82%E5%A0%B4%E9%87%91%E9%8C%A2%E8%88%87%E8%87%AA%E7%94%B1/1038674562827877](http://www.inmediak.net/node/1033430)) The original text is “先給自由下個定義。一個人是自由的，當且僅當他能夠免於限制而去做自己真正想做的事的時候。”

<sup>3</sup> 周保松：〈什麼是自由主義左翼〉 (<http://www.inmediak.net/node/1033430>) The original text is “例如我們在談自由 (liberties) 時，我們是在談一張清單，那麼什麼樣的自由最為重要？”

<sup>4</sup> The root of liberty is Latin liber. During the French Revolution the rallying cry was 'liberty, equality, fraternity'.

<sup>5</sup> Please refer to the online Oxford Dictionaries. (<http://www.oxforddictionaries.com/definition/english/liberty>)

<sup>6</sup> Please refer to the online Oxford Dictionaries. (<http://www.oxforddictionaries.com/definition/english/freedom>)

intervention to tackle all those difficult tasks<sup>7</sup> condemned by the doctrine of the so-called positive non-interventionism. It seems to be such a cliché wasting your time to read my essay up till now by saying that our society is at the risk of wealth disparity as everyone knows it well.

But is there something missing out that the fundamental social imagination has still to be addressed? What I concern is not so much the ideal picture we would like to see as in reality the very oppression driven by this capitalist society. Here I would like to invite the perspective of financialization to further illustrate a deeper relationship between social imagination and oppression. I have to make an argument here by pointing out that more than anything else financialization paves the way for intensifying the class division.

If we take Marxism (or Marx's political economy) seriously, the concept of fictitious capital should be elaborated much more than that of the traditional proletarian revolution. For Marx (and Engels), money is a fictitious capital automatically produced by banks by means of money itself,<sup>8</sup> not the others, to suck the surplus value of labors. I dare not say it is no longer the Post-Fordism phase of capitalism, but we are all in a fictitious capital orientated capitalistic machine which is even self-destructive. We therefore need to know how money is created above all if we are on Marx's side.

Money is credit and is temporarily on loans from banks but because it is credit, at some point in the future it has to be paid back. The digits we see in our account balance are a liability or IOU from your bank to you. Once you put your money into the bank, the money no longer belongs to you. What you spend actually are those IOUs.<sup>9</sup> Credit system seems to be very advanced. Without it, the whole world will shut down because of extremely low liquidity. But one thing cannot be

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<sup>7</sup> In Prof Chow's article *What is Liberalism* (什麼是自由主義左翼) he poses a question of finding a way out of socialism and libertarianism (laissez-faire liberalism or right wing liberalism). Of course he then listed out a blueprint sketched by liberalism. If it is the utopian we are heading to, it is really not bad. I am on his side. (周保松：對本土論的一點反思 <http://www.inmediahk.net/node/1033212>)

<sup>8</sup> This term fictitious capital was coined by Marx and Engels in the Volume III of *Capital*. Christian Marazzi mentioned it in his book to describe the current financial crisis. Marazzi, Christian (2011): *The Violence of financial Capitalism*, US: Semiotext(e), pp. 26-42.

<sup>9</sup> Something I would like to supplement here. In 2014, the Bank of England release a paper with very simple wordings to clarify the misunderstanding of money creation. "Whenever a bank makes a loan, it simultaneously creates a matching deposit in the borrower's bank account, thereby creating new money..... One common misconception is that banks act simply as intermediaries, lending out the deposits that savers place with them."

(<http://www.bankofengland.co.uk/publications/Documents/quarterlybulletin/2014/qb14q1prereleasemoneycreation.pdf#page=1>)

neglected is that credit is at the same time a debt which has to be paid back in future. What is meant by that then?

Financialization of the economy is a new form of governance. An Italian sociologist and philosopher Maurizio Lazzarato elaborated Foucault's biopolitics with Deleuze and Guattari's insight on credit/debt creation. Should we bear the concept of fictitious capital in mind and well know that money is only a piece of debt in a form of paper to which the whole society has to pay back such debt in forms of labor, commodities, or any other "real" things as only things can be wealth except money itself, we will have a rather different insight on the money-debt-finance complex. The relationship between real economy and financial economy however is neither paradoxical nor dialectical; neither parasitic nor inter-relating; financialization is something self-reflexive (Jean Baudrillard, *For a critique of the Political Economy of Sign*), echoing the crux of Saussurean semiology. So, Lazzarato described the computers in banks are (digital) machines while money is merely a sign signifying nothing but itself, not even a symbolic meaning. (Maurizio, 2014) Nevertheless, the transversality of this signs and machines mobilizes the whole world. Let's begin with our mobile devices. Your credit card statement, account balance, transaction records and so on. Of course you can live without them just like you can live without glasses, artificial limbs, dentures, artificial cardiac valves and so on. Those devices are not merely tools but the very extensions of our bodies, blended with our flesh and blood. So does the credit system.

Sign flows scour materials. In reality, credits flow, debt accumulated, the economies around the world become tightly intertwined. They are signals running back and forth the optical fibers. Lazzarato coined a term machinocentric capitalism (Lazzarato, 2014) to describe it, but I would like to supplement it with signal-machinocentric capitalism because sign is the very engine of this machine. Those signs represents nothing, merely signs. They are self-referencing, so does money. It is in this sense we are living in a deeply interconnected world. In Hong Kong, the situation is of no difference. We all share the absurdity of financialization.<sup>10</sup> But figures don't tell much. We

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<sup>10</sup> According to the statistics from the Hong Kong Monetary Authority, the ratio of household indebtedness to the gross domestic product (household debt ratio) in Hong Kong has risen from 50.4% at the end of 2007 before the global financial crisis to 63.6% in the second quarter of 2014. Hong Kong's debt market has been growing very rapidly. The Hong Kong dollar debt securities had increased to 67% of GDP in 2013, compared with only 8% of GDP in 1994. Non-public segment of the outstanding amount accounted for some 27% of GDP during the same period. (<http://hong-kong-economy-research.hktdc.com/business-news/article/Hong-Kong-Industry-Profiles/Debt-Market-Industry-in-Hong-Kong/hkip/en/1/1X000000/1X003UPT.htm#sthash.ZZ8bvCEL.dpuf>)

have to conceptualize the relation between credit creation and our oppression. Finance is a machine to transform rights to credit and securities. (Maurizio, 2012) Instead of increasing in salary, we get credit cards; instead of having a right to housing, we get mortgages; instead of having a retirement plan, we get the MPF. When salary level is frozen, social welfare is kept in a low level, more and more temporary and outsourcing jobs making us feeling insecure, credit is open. And at the same time debt is accumulated. We are all indebted. Credit is the road to serfdom where fear paved it as asphalt. It is the image I want to depict which is out of the imagination of the polemic. If liberalism is the opposite side of libertarianism or neoliberalism, why does it have no way to bypass financialization and securitization?<sup>11</sup>

Under such kind of governance, we cultivate our PCCW (property, car, children and wife) mentality, shaping our subjectivity. We spend our whole lifespan to chase this basic livelihood but ends up without life. It is not some sort of black humor. Future is a pressure rather than any other possibilities. Or, all the possibilities in future are rendered as chasing a basic livelihood (PCCW) which is actually our inborn rights. According to Lazzarato, debt creation is the development of the power relation between creditors and debtors. (Lazzarato, 2012, pp. 25). But this relation is asymmetric. Debt implies a promise to pay back; while reimbursement interpellates something moral. It is this morality that generates guilty, the guilty of not paying back. But I would like to expand the feeling of guilty in the context of Hong Kong is much more complex. As we are deprived of having our basic rights to accommodate and instead we are given credits to fulfill our housing dreams, PCCW mentality represents a status of being successful. Debt transforms our basic rights to a Darwinistic way of survival. Those who fail to survive will be marginalized and be regarded as losers. The disempowerment of such losers makes them feel guilty. To prevent to be marginalized, we have to strive for even a basic livelihood, to beat out the others, to justify all our behaviors by the rhetoric of “making money”. Yes, it finally goes back to “money” itself.

Credit money is at the same time debt money. To pay back the debt in future, the financial system has to suck the surplus from the real economy, to preempt the future, to master the future. Money together with debt and finance operates its transversal power transecting all the social system on this planet, including our ecosystem. For example the debt money becomes a new colonial power over the third world since the Northern countries had begun to lend money to the third world in

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<sup>11</sup> The U.S. subprime mortgage crisis is a jaw-dropping example of transforming debt into tradable securities in financial market.

the name of redemption. A pair of antonyms, destructure and restructure, employed by Marazzi (Marazzi 2011, pp. 118) refers to the Northern countries' systematic colonization of common goods by means of "debt trap" and finally undermine the whole ecosystem of third world irreversibly. On the other hand, however, the local economies of the poorer countries still highly rely on the Northern countries, getting no chance to reform their own independent finance. What the countries and labors under the control of debt is merely to provide nutrient to the predatory developments of the Northern countries. But in the Northern countries, people share the same logic of finance. The central banks bailout the rich and damp on the poor. It is not some sort of magical realism. It is the gist of social polarization. The hidden face of money concealing the injustice of the financial system.

So, in this sense, modern money is its own veil. This veil at least has three layers. First, when credits flow, debt accumulated, the economies become tightly intertwined. It is in this extent we are living in a deeply interconnected world mobilized by fictitious money. Second, those fictitious money is of no value, signifying nothing but only itself. Third, as the world is interconnected we share the same fate which is ironically crowned by finance based on the emptiness of money in the expense of our planet earth, i.e. we have to pay back the perpetual debt (as far as credit is created, debt accumulated eternally) at the cost of our ecosystem. But we seldom realize what money is. Money as an oppression hide itself and blur our imagination. If we don't study the very particular characteristic of modern money, how come we talk about liberty in which we may just lose our autonomy chasing the phantom of freedom.

#### Reference:

1. Marazzi, Christian (2011): *The Violence of financial Capitalism*, US: Semiotext(e).
2. Lazzarato, Maurizio (2012): *The Making of the Indebted Man*, US: Semiotext(e).
3. Lazzarato, Maurizio (2014): *Signs and Machines: Capitalism and the Production of Subjectivity*, US: Semiotext(e).
4. Lazzarato, Maurizio (2015): *Governing by Debt*, US: Semiotext(e).



## Appendix

The polemic between liberalism and Marxism in chronological order

李德成：大中華膠與蝗蟲 (2015-04-08)

[http://hk.apple.nextmedia.com/news/art/20150408/19104719?hc\\_location=ufi](http://hk.apple.nextmedia.com/news/art/20150408/19104719?hc_location=ufi)

周保松：對本土論的一點反思 (2015-04-10)

<http://www.inmediahk.net/node/1033212>

李達寧：論自由主義者之虛妄，兼論左翼道德 (2015-04-13)

<http://www.inmediahk.net/node/1033301>

Rock Yiu：談自由主義——回應李達寧 (2015-04-13)

<http://www.inmediahk.net/node/1033321>

稻草：關於民粹與左翼的幾點觀察 (2015-04-15)

<http://www.inmediahk.net/node/1033386>

周保松：什麼是自由主義左翼 (2015-04-16)

<http://www.inmediahk.net/node/1033430>

ISAAC：馬克思主義已死？——回應周保松 (2015-04-16)

<http://neithernorwriting.blogspot.hk/2015/04/blog-post.html?m=1>

吳子峰：有沒有第三條道路——福利國家的矛盾與新社會運動 (2015-04-18)

<http://www.inmediahk.net/node/1033482>

周保松：社會主義理想與道德論證 (2015-04-18)

[http://simplyhumanitiessociety.blogspot.hk/2015/04/blog-post\\_18.html](http://simplyhumanitiessociety.blogspot.hk/2015/04/blog-post_18.html)

Ozaki Takami：帝國主義自由主義者與蒲魯東主義「革命者」的相遇 (2015-04-18)

<https://www.facebook.com/ozakitakami/posts/10153290913334349?fref=nf&pnref=story>

毛翊宇：評自由主義左翼——兼談什麼是反資本主義左翼 (2015-04-20)

<http://www.inmediahk.net/node/1033541>

區龍宇：誰願為自由左翼出頭？——左翼看階級，革命與道德 (2015-04-21)

<http://www.inmediahk.net/node/1033565>

周保松：自由左翼值得重視嗎？ (2015-04-21)

<https://thestandnews.com/.../%E8%87%AA%E7%94%B1%E5%B7%A6%E7%.../>

丘敦傑：回應周保松〈甚麼是自由主義左翼〉一文 (2015-04-22)

<http://www.inmediahk.net/node/20150422b>

Choy Tsz Chun：平等自由主義只能選擇資本主義輔以社會福利政策嗎？以羅爾斯為例 (2015-04-22)

<https://www.facebook.com/notes/10153685223896564/?pnref=story>

文己翎：政治動員的可能性：思考自由主義與民粹邏輯 (2015-04-23)

<http://www.inmediahk.net/node/1033636>

李敏剛：責任 (2015-04-23)

<https://bythedanube.wordpress.com/>

楊梓輝：從自由左翼論辯反思當下 (2015-04-23)

<http://www.inmediahk.net/node/1033673>

陳國興：由稅收正當到貧富不公 (2015-04-23)

<http://www.inmediahk.net/node/1033647>

蔡子俊：平等自由主義只能選擇資本主義輔以社會福利政策嗎？以羅爾斯為例 (2015-04-25)

<http://www.inmediahk.net/node/1033704>

左翼 21：略談左翼在香港的困局和使命：對近日社會主義左翼和自由主義左翼辯論的一點補充 (2015-04-28)

<http://www.inmediahk.net/node/1033777>