

Octobre 2006

Recherches & Régulation Working Papers

***FINANCIAL GLOBALIZATION
FROM A “GENERAL ECONOMY OF VIOLENCE” VIEWPOINT***

A spinozian-bourdieuian reading of economic struggles

Frédéric Lordon

RR Working n° 2006-2 Série PH
www.theorie-regulation.org

Association Recherche & Régulation
c/o LEPII-CNRS
Université Pierre Mendès France
1241, rue des Résidences
BP 47 - 38040 Grenoble Cedex 9

FINANCIAL GLOBALIZATION FROM A “GENERAL ECONOMY OF VIOLENCE” VIEWPOINT

A spinozian-bourdieuian reading of economic struggles

Frédéric LORDON*

Bourdieu was a great reader of Spinoza. It then should be no surprise that a spinozist flavour may often rise from his work and, furthermore, that the concepts of Spinoza's philosophy appear to be highly compatible with Bourdieu's theoretical setting. They may do even more than simply “fit”, and add their own intellectual effect, namely provide enrichments, if not some kind of foundation. It is especially true when it comes to Bourdieu's general view of the social world as crossed with struggles and domination relationships between uneven powers. Returning to Spinoza may be here particularly valuable insofar as both his *Ethics* and his *Political Treatise* provide what could be called a “metaphysics of struggles”¹. The core concept of Spinoza's philosophy, read from a social scientist viewpoint, is definitely the concept of “conatus”, defined as the striving made by every thing to “persevere in its being” (*Eth.*, III, 6). The conatus is an endeavour not only to resist destruction but also to expand and achieve a higher degree of power. The conatus is a momentum, a going force, the expression of an ontology of activity according to which every thing is in itself an acting power. But why have things – *modes* in Spinoza's lexicon – to *strive* to persevere in their being? Because they are numerous and thus potentially conflicting: the exercising of the inner powers of a mode becomes an endeavour as soon as it encounters resistance from other modes striving in opposite directions. Struggles and conflicts are thus the direct outcome of the coexistence of conatuses as unlimited expansive endeavours. As is domination, which is the other name given to asymmetric relations and showdowns between unequal powers. What can then be done with the concept of conatus in social sciences, and more particularly how can it mix with Bourdieu's sociological theory? No doubt both

* CNRS, Bureau d'économie théorique et appliquée, frederic.lordon@gmail.com. This texte has been presented at the conference *Practicing Pierre Bourdieu, in the field and across the disciplines*, University of Michigan, Ann Arbor, 28-30 september 2006.

¹ See F. Lordon (2006), “Métaphysique des luttes”, in F. Lordon (ed), *Conflits et pouvoirs dans les institutions du capitalisme*, Presses de Sciences-Po, forthcoming, also available at : http://web.upmf-grenoble.fr/lepii/regulation/wp/document/RR_seriePH_2006-1.pdf

viewpoints strongly resonate on the issue of struggles within the social world. One step further, it is not too difficult to have a hint of possible complementarities between them. Whereas Bourdieu's sociology endlessly stresses the role of social structures in shaping individual actions and interactions, the conatus, as an energy, provides, not the ghost!, but, so to speak, the fuel in the machine. The conatus is the generic driving force of human action, but determined to know where to go by structures only – thus calling for an articulate theory of the social structures effectiveness. Reciprocally, the spinozist ontology of power is particularly relevant to help view fields as more or less institutionalized agonistic realms insofar as vying and rivalries intimately pertain to the idea of a power striving. Both combined, Spinoza's onto-anthropology of conatus and Bourdieu's theory of fields provide altogether, on one hand, the elementary energies and forces inhabitating the human-social world, and on the other hand the structural principles ruling the shaping of these energies, their orientation, their encounters – most of the time their collisions.

Both these ideas are definitely required when it comes to challenging the neoclassical economics views, be they abstract, on markets in general, or more applied, on globalization for instance. As if it were itself striving and vying like a conatus, the neoclassical economics does all it can to keep other social sciences at bay, thrust them aside and deter any contest of its monopoly over economic facts. Most of the time a kind of self-censorship regrettably prevents these social sciences, at the same time mesmerized, repelled and daunted by the mathematical apparatus, to enter the fray and asserts their own views on economic issues, thus leaving the ground to a seemingly triumphant economic “science”. Yet, mathematical technicalities are most often a smoke screen veiling either intellectual misery or very disputable theoretical options – which would be much more harshly contended if they appeared more clearly. In particular, neoclassical models have to hide two major blind spots that are: i) an individualistic theoretical setting completely forgetful of the role of the structures, focusing only on supposedly autonomous “actors” and their face-to-face “free” interactions; ii) the complete denial of the political nature of economic interactions, which goes along with the assertion of economy as a particular and separate realm, “subsequently” stripped of any power issues, dismissed as irrelevant : purportedly a sheer question of interest calculations between symmetrical and equal traders, economic behaviours would be free of any violence or power bias... An elementary observation of the real economic practices suggests quite the opposite, especially at a time of widespread market liberalization. Far from being the peaceful areas of the trade harmony described by the neoclassical economics, markets may surely be better seen as a particular kind of field, as places where the intrinsic violence akin to

an ontology of struggles is shaped and institutionalized as *competition*. If markets are to be viewed as scenes of a particular agonism – the economic agonism –, the globalization, which is nothing but a general process of market deregulation, may in turn be appraised in the terms of a General Economy of Violence, as any field or set of fields – in the present case a General Economy of the economic Violence

A GENERAL ECONOMY OF VIOLENCE

Conatus, illusio and fields

How can Spinoza's ontological views be of some help for social sciences and lead to an understanding of the social world? The answer could be that the conatus provides the basis for a theory of action. However, one could object that the “perseverance in its being” gives a rather fuzzy principle of human action... True, even supplemented with the ideas of endeavour, expansion or power, the conatus as enunciated in (Eth., III, 6)² only appeals to philosophers but remains meaningless for social scientists. A particular conceptual work must thus be made so as to circulate properly the initially philosophical concept of conatus in the specific plan of social sciences. A conceptual distinction should then be made between what could respectively be called the “essential” and the “actual” conatus. The “essential” conatus, formally presented in (Eth., III, 6) is a generic endeavour, an intransitive desiring force, at that stage still ignoring what it should aim and where it should go. This is the conatus understood from an ontological viewpoint. But the social world only displays *specific* strivings to persevere in one's being *as...*, namely strivings to persevere in certain and determinate forms of social being. This transitive endeavour, this directed force, this *fully determinate* desire, we can call it the “actual” conatus.

Contrarily to the “essential” conatus which was an abstract ontological concept, the “actual” conatus is of special interest for social sciences: this one is the *concrete* conatus, the *determined* driving force of *particular* actions, in other words the conatus as it may be practically *observed* in the social world. Nothing more concrete as the endeavours of some to persevere in their being *as*, say, a statesman, an artist, a sport or rock star, or an *entrepreneur*! All their actions are the outcome of a generic desiring force become specified and transitive, namely oriented towards specific goals. But striving to persevere in its being *as* a politician,

² “*Each thing, as far as it can by its own power, strives to persevere in its being*”, *Ethics*, translated by Edwin Curley, Penguin Classics, 1996.

or *as* an entrepreneur, is nothing but expressing a politician's or an entrepreneur's *illusio*. The *illusio* defined by Bourdieu as an interest to play a certain (social) game in a certain field, exactly depicts the desiring dash, the energy beneath the impetus, the driving force encapsulated in the idea of "actual *conatus*". If fields can be viewed under a topological and structuralist perspective – fields as differential spaces in which location means determination – they can also be considered as spaces where an *ex ante* shapeless energy, call it *libido*³ or *conatus*, will be shaped as an *illusio*, which means: determined to find an interest at pursuing specific objects and aims. The *libido sciendi* is the specific *illusio* of the scientist, in other words the expression of his striving to persevere in its being *as a scientist*, in the scientific field. One could thus say that *the illusio is tantamount to a vocational actualization of the conatus*⁴.

It is all the more relevant to bring together this two concepts – Bourdieu's *illusio* and Spinoza's *conatus* – that it helps addressing the outstanding question of where and how the *essential* *conatus* received the complementary determinations which made it an *actual* *conatus* – the answer being: in fields! The underdeterminacy of the *essential* *conatus*, as an intransitive desiring force, thus calling for complementary external determinations, makes it all the more necessary to dismiss the idea that a *conatus*-based theory of action could be something like an individualistic monadology of power. Quite on the contrary, the *conatus* receiving its full determination from the outside, from the social structures within which it is striving, such a spinozist theory of action is not only coherent with what we could roughly call a "structuralist" viewpoint, but it logically appeals for an anti-individualistic perspective. There should not be any surprise here, considering that, even more radically, Spinoza's philosophy deserves to be called a theoretical anti-humanism: breaking with the philosophy of consciousness and the metaphysics of subjectivity, Spinoza strongly claims that men are deeply heteronomous and determined by external forces of which they almost ignore everything – starting with their sheer existence. (Eth., II, 35, scholium) adamantly denies any autonomy to the consciousness and any existence to a fictitious "free will": "Men are deceived in that they think themselves free, an opinion which only consists in this, that they are conscious of their actions and ignorant of the causes by which they are determined (...) they say, of course, that human actions depend on the will, but these are only words for which

³ Under the condition to understand "libido" in a broad sense, beyond a restricted sexual acception.

⁴ For a more substantial elaboration of the (close) links between Spinoza's philosophy and Bourdieu's social theory, see Frédéric Lordon (2003), "Conatus et institutions. Pour un structuralisme énergétique", *L'Année de la Régulation*, vol.7, Presses de Sciences-Po, Paris, also available at: http://frederic.lordon.perso.cegetel.net/Travaux/recherches_spinozistes.htm

they have no idea". How not to think of what Bourdieu wrote in the foreword of *Le Sens Pratique*, trying to dispel the delusions of the subject (1980)⁵.

Fields as scenes of an organized violence

If fields are socializing and conatus-actualizing spaces, they are also agonistic and sometimes violent universes. This violence is straightforwardly pertaining to the very nature of conatus which, as an endeavour to expand, is doomed to encounter... and engage rivals. Considering the deepest anthropological consequences of the hypothesis of the conatus, one could even say that the most primitive, the rawest gesture of the conatus is to grab, to conquer for itself. As a projection of power, the conatus sets with the world a relation of appropriation and possession. Its endeavour is a compulsion to capture, absorb and metabolize. This fundamental grabbing and gripping nature of the conatus is the origin of an anthropological violence as soon as what is to grab is not to pick from the natural environment but to snatch from someone else's hands. The grabbing compulsion of the conatus is thus an antisocial force, a permanent risk of violence spread, the highest jeopardy the group has to face. It is then possible to see the archaic gift exchange as one of the very first civilisational "devices" capable of regulating the violent grabbing compulsions of the conatuses: i) the obligations to give, receive and give back implicitly prohibits the unilateral grabbing, identified as the utmost peril threatening the group, and asserts the civilisational value of giving ; ii) the gift exchange bans the grabbing as a way to acquire things and replaces it with the receiving: "don't take anything that hasn't been given to you" could be its civilisational motto ; iii) but the core property of the gift exchange lies in the fact that it does not merely bar the gripping energies of the conatuses but offers them a substitute way to strive: the conquest of things is replaced by the quest for prestige and reputation ; iv) in so doing the "institution" of the gift exchange performs a remarkable operation of symbolization and sublimation of the raw grabbing compulsions of the conatus: instead of violently and anarchically fighting for things, the conatuses are engaged in well organized *social* struggles for symbolic and even immaterial objects – trophies and prestige. What could turn the group into a violent chaos is transformed into a regulated social agonism. The conative violence cannot be uprooted: "The striving by which each thing strives to persevere in its being is nothing but the actual essence of the thing" reads (Eth., III, 7). It is a fundamental given of every mode⁶ in Spinoza's

⁵ In the english translation: *The Logic of Practice*, Cambridge, Polity Press, 1990.

⁶ Recall that Spinoza calls things "modes".

ontology of activity, and thus an anthropological given when the considered mode is the man. If anything but “removable”, the conquering energy of the conatus may however be accommodated through various kinds of social “channeling” – gift exchange competitions are one – and its grabbing compulsions may be sublimated and regulated in institutionalized agonistic realms.

Although irrelevant at first sight for a socio-anthropology of the modern world, it was worth devoting some time to the conatus-regulating solution of the gift exchange insofar as it already provides the core social “mechanisms” tackling the problem of the potentially lethal violence pertaining to the gripping compulsions of the conatus – namely: “channeling” and sublimation. To this extent, the gift exchange could be viewed as a civilisational paradigm considering that all the institutional forms dealing with the same problem more or less borrow to its general principles. In particular, unfolding this spinozist reading of Bourdieu, fields could definitely be considered *as scenes of an institutionalized agonism*. Letting aside the somehow functionalist tone of the wording, one could say that fields are part of the civilisational response to the challenge of conatus violence. Put otherwise, fields are major institutions of a General Economy of Violence, if it is possible to label so the theoretical perspective stemming from the onto-anthropology of the conatus and acknowledging its consubstantial violence. How do social formations organize the redirections and the conversions of the streams of conative energies, how do they give a socially sustainable form to their potentially violent conquering compulsions? Part of the answer is given in fields. If conatuses are doomed to collide and conflict, at least be they involved into institutionalized struggles, within universes where shocks occur and fights unfold according to socially agreed rules. Fields are particularly efficient in accommodating conatuses violence insofar as... they are the sheer places where conatuses have been actualized, and by the same token socialized and civilized. Fields, then, do not see the highly violent shocks of raw conatuses but the competitive interactions of actualized conatuses, already determined to play by the rules of the social games institutionalized by the fields. In the political field, the grabbing and conquering compulsions of the conatus are to be shaped and re-expressed through the rules of the electoral “democratic” competition for power ; in the scientific field they are redirected towards the specific forms of academic achievements and distinctions ; in the literary field towards the conquest of editorial positions, of special prizes and awards or longer term acknowledgement, and so on. The competition in the fields may be ferocious, and these interactions of the utmost violence – but always of a *symbolic* violence! One can die in a field – but always of a symbolic and social death. Fields are typical outcomes of the process of

civilisation. Doesn't Elias exemplify this historical process through the case of the royal court... which is typically a field? And doesn't the sheer idea of the "process of civilisation" echo with the perspective of a "general economy of violence", both addressing the issue of the imperative regulation of individual violent impulses.

Markets as fields, competition as sublimated violence

Among fields, one perhaps deserves a special attention: the economic field. Economy is definitely one of the scenes of a general economy of violence... Isn't it the field which claims epitomizing the purest, and even the primary idea of *competition*? True, the interactions of the economic conatuses are regulated by the rules of economic competition – more fundamentally: they *take the form* of economic competition. Actualizing the conatus as an *economic* conatus has thus the effect of converting the raw grabbing compulsions in various kinds of endeavours towards economic power. For sure, the endless accumulation of profit and wealth gives a striking illustration of the conatus as an indefinite expansion striving. However, wealth is not the only form of the social being in which the economic conatuses strive to persevere in. Or, put otherwise, the striving for wealth leads the conatuses to pursue more specific and instrumental aims. These intermediary targets give their particular and precise forms to the various kinds of economic struggles – and thus to the economic expressions of the general economy of violence.

Hence, for instance, economic conatuses may be vying for market shares. The "goods market" is one of the scenes of the economic agonism. Viewing competition for market shares under this perspective is perhaps the best way to see what is flawed in the concept of "market" which implicitly conveys the idea of a single and homogeneous place, and loses all the concrete interactions of agents hidden and absorbed into the aggregate supply and demand. Going back to these concrete interactions, knowing that they cannot be explained without referring to the overall structure of the interaction space, is a way to unveil the inner violence pertaining to struggling conatuses and to break with the harmonious pictures, rid of any conflict, of the so-called "market theory". The misleading and derealising concept of "market" should thus be replaced by the more realistic concept of field, which, when included in the perspective of a general economy of violence, is more appropriate to faithfully capture the fundamental violence of economic rivalries, even if they are "adequately" shaped and regulated by the economic game so as to be clearly distinguished from purely physical violence. As Bourdieu often emphasized it, the local interactions between agents are

determined by the general structure of the field – which prevents a sociology of fields to be assimilated to an interactionism. In the economic case, it should be added that these interactions are deeply influenced not only by the differential positions of the agents, and the subsequent uneven distribution of bargaining power, but also by the precise nature of the general rules of competition such as they are largely determined by public policies. Actually, what could be called the *competition regime*, namely the restriction or the freedom of trade, the existence or not of protected sectors, the existence or not of state-owned companies, and all the rules that determines the *intensity* of the competition, all this, in turn, determine the likelihood and the degree of violence of the shocks between economic conatuses struggling for market shares. To this extent, it is no surprise that the general process of deregulation and liberalisation of trade within and between countries has dramatically risen the intensity of the competitive struggles and the level of economic and social violence within firms, which are facing unprecedented pressures. The brutality of the adjustments on wages, employment, and the general conditions of work are the faithful reflect of a general economy of the economic violence whom structures have incurred a major shift – in the direction of a higher, less sublimated, less regulated violence. Quite logically, deregulated markets are leading to less regulated violence insofar as markets are themselves a form of regulation of the conatuses' violence...

UNLEASHED CONATUSES IN THE DEREGULATED FINANCE

This general surge in economic violence is definitely one of the most distinctive features of the so-called “globalized” capitalism, and may be seen in many areas. In particular, besides the “goods market”, the rivalries between firms have reached unparalleled levels as it turns to corporate control. Finance in all its components – corporate finance, security markets – is definitely the economic realm where the power logics of the conatus may be best observed, and the violence-rising effects of the deregulation as well. Actually it must be emphasized once again that, far from the interactionist view, the interactions between agents are deeply shaped by the structural and institutional environment within which they take place. Only the particular configuration of these structures at a certain moment of time may explain the nature, the form and the degree of violence of the phenomenal interactions; and the variations in these nature, form and degree of violence should be ascribed to variations in the underlying structures. Today’s financial capitalism spectacularly exemplifies these general propositions.

The great shift in the structures of finance

It is now trivial to observe that the structures of the capitalism have incurred a dramatic shift since the beginning of the 80's. In this global evolution, the proper transformations of the financial sphere and its growing hegemony on the overall economic system have not been least noticed. What is less clear is the interpretation to be given to what could be called, in Polanyi's terms, a new Great Transformation. The General Economy of Violence perspective suggests one which of course is not exactly in line with the mainstream economics analyses according to which every step in the direction of making the real economy closer to the walrasian ideotype is a progress towards efficiency, welfare and harmony. One should not be surprised of this rift as soon as are recalled the derealizing effects – purposes ? – of the neoclassical economics which systematically “forgets” – hides? – the work of forces, powers and the violence of conflicts. It is quite clear that choosing to seize the economic facts under the category of “market economy” – instead of “capitalism” –, to consider the economic interactions as purely bilateral and perfectly even, to emphasize the allocative issues and dismiss the power ones, to view the “economic order” as the spontaneous and harmonious outcome of equilibrium adjustment mechanisms whereas it could more realistically be seen as the more or less sustainable resultant of balances of forces, are all too coherent options... Bourdieu's viewpoint, which unveils the domination effects beneath the surface of “interactions”, and relates these effects to the structures shaping the interactions, backed by Spinoza's onto-anthropology which, with the *conatus*, provides the concept of these domination strivings, an image of the *energies* acting within the structures, determined by the structures, and sometimes determining a change in the structures, both these theoretical viewpoints make it possible to challenge the neoclassical economics, moreover where it seems the strongest, namely in the sphere of finance, often presented as the best realisation of the idealized walrasian market.

It is yet rather easy to have a glimpse of the power stakes related to the transformations of the structures of finance which all appear to revolve around the issue of corporate *control* – a notion in itself clear enough to give an idea of the struggles it can encompass... even though neutralized by neoclassical economics as the unsurprising... “*market for control*”. The transformations of the corporate control *regime* (not *market*) have mainly consisted of the unraveling of the shareholder crossholdings which previously helped firms to mutually protect themselves against hostile raids. As a result, the widespread

circulation of the property rights on the stock markets and the rising proportion of the floating capital have left firms more vulnerable than ever. That was exactly the intended goal... for the big institutional shareholders, who have seen in this increased vulnerability a powerful mean to enhance their own power on the management teams. Whereas executives had become increasingly autonomous and out of reach during the fordian period, the finance – more precisely: institutional investors –, in this move, has looked for a renewed power of reining in managers who could be tempted to forget that they are at the helm of the firm only to serve shareholders interests and deliver the highest return – not build empires for the sake of empire or succumb to any delirium of grandeur. Actually the free circulation of big chunks of the capital on the equity market has raised to an unprecedented level the grip of finance upon corporations through what is usually called the “Wall Street Walk”: as soon as the investors want to express a strong dissent with the management of a firm, and after the usual shareholder “diplomacy” has been exhausted, the best way to do so consists in voting with their feet! namely selling shares on the market, as a straightforward no-confidence vote. This is quite a powerful deterrent – before –, and quite an effective instrument when used, because, to the extent that the dissent and the sales moves are widespread, they can seriously affect the stock price which, if dipping too low, makes the firm dangerously exposed to a hostile takeover bid – the logical outcome of which will be the sacking of the management team. Why, then, are managers so obsessed with getting the approval of the investors and satisfying all their requirements? Simply because their own perseverance in their executive being is directly at stake! Hardly stronger motive could be imagined...

Corporate control as a predation game: the conatus between excitement and fear

Of course, fitting the investors’ rationale was not in itself a sufficient reason for this shift in the corporate control regime to occur. Why did it then? Put crudely, the answer seems paradoxically to make first the problem even more puzzling: this transformation occurred because *all protagonists agreed to push it* – “all protagonists” including thus not only the great financial actors but also the firms themselves... to which, in the first place, this transformation appears highly detrimental! How comes that firms may have approved of a move intended to submit them to a tighter monitoring? How may they have cooperated in a situation which seems to just sharpen the conflict opposing them to the shareholder finance and tilt the balance of power at their expense? Solving the riddle requires to see that the same new institutional setting of the liberalized finance which gives to shareholders an

unprecedented hold on firms also appears to expand tremendous growth opportunities for firms themselves. But what kind of growth exactly? No longer the usual “organic” growth obtained from surplus and investment and brought about by new plants, new products, wider commercial networks or whatsoever. In the new financial environment a firm can now grow simply by buying another one, thus directly adding to hers a readymade set of plants, products, patents, subsidiaries, etc. This so-called “external” growth has superseded the former “internal” growth, and most of the expansion plans of management teams are now taking the way of the financial markets – not at all to raise funds, as holds the common wisdom of “going public”, but to seek and seize the opportunities of *growing by merging*, in other words: finding a prey fit to swallow and absorb. How the expansion dash of the capitalist conatus couldn’t feel spurred in these conditions where scooping property rights on the market can make you almost instantly a sector- if not a world-leader⁷? Recall that in the previous configuration of the capitalism, the same achievements required years, if not decades, through the slow-pace organic growth and the patient re-investment of the surplus... Mergers and acquisitions have thus become the magic formula for hurried capitalists who, fascinated by this “acceleration power”, were doomed to succumb the temptations of the (very) fast track. If a one-shot well-targeted operation can propel you to the highest places of the ranking, you should be an idiot to resist and not seize the opportunity. Grabbing and absorbing directly a competitor (capturing and metabolizing – perhaps the most fundamental compulsions of the conatus) has logically become the most obvious strategy for growth now that the financial structures have made it possible.

If corporations have accepted to relinquish their old mutual protections and to dismantle the crossholdings system, it is not only by goodwill and because institutional investors were simply asking them to – even though pressures from the shareholders side were strong: beyond the increased possibilities of sanctioning the “failing” executive teams through the Wall Street Walk, the unraveling of the crossholdings was also claimed by investors as a way to cash-in fixed and idle assets and to give them back to the shareholders as “free cash flows”. But the willingness of firms to comply with such commands could not have been obtained if firms themselves had not found a high interest to do so. The opportunity of a new merger-led corporate growth regime, with all its high speed properties, has provided this powerful incentive, as if the potential wonders of mergers and acquisitions were perfectly resonating with the drive for expansion of the conatus. It seems that the corporate conatus, in

⁷ Think for instance of spectacular operations such as the AOL-Time Warner merger.

its relation with the financial conatus, and facing the looming transformations of finance, had to perform a kind of grand arbitrage and to weigh the costs and benefits of trading an old model of mutual protections againts a new world of exciting opportunities... and great threats as well. It is actually quite clear that as soon as everybody accept to forego the former protections and to let the capital float on the markets, the probability of taking advantage of the no-protection situation as a predator goes (*ceteris paribus*) with an equal probability of being hit as a prey. The affects of excitement of being on the chase are immediately competing with the affects of fear of being chased – *fluctuatio animi* in the terms of Spinoza⁸. Viewed from the corporate conatus viewpoint, the new structures of finance are a world of ambivalence, an ambivalence almost completely summed-up by the duality predator-prey. The decisive push of the greatest firms, in words – lambasting the fixed situations of the “old model” and loudly advocating for a no-barrier, no-protection, “more competitive” one –, and deeds – the effective dismantling of the crossholdings –, could be viewed as a victory of the affects of excitement over the affects of fear, as if everyone *in petto* had thought for himself: “I shall be the predator, *they* will be the preys”. Needless to say, only the major and most powerful players, had enough sway to give a decisive push to the shift and could at the same time be driven to make such reasoning... Even so, plenty were to discover later how they deeply miscalculated: in a predation game there can’t be only predators...

In this new institutional setting of the financial capitalism, the violence of the interactions has been raised proportionately to the extended leeways offered to the expansion strivings. The conatus always goes as far as it can, and occupies all the room offered to it. As an indefinite striving⁹, the conatus knows no inner regulation and may only be stopped by an opposite and stronger power. Lifting barriers that once restrained its endeavour just relaxes and weakens the institutional forces previously opposing and containing its thrust. No surprise then that the conatus spontaneously seizes all the new opportunities to unfold its expansion and domination drive, if need be in a more aggressive and conquering way than before – more aggressive and more conquering to the exact extent of what the new regulations will tolerate. This may be observed in the relation between the corporate capital and the financial capital as well as between corporate conatuses themselves.

⁸ “*This constitution of the mind which arises from two contrary affects is called vacillation of mind (fluctuatio animi) [...] vacillations of mind for the most part arise from an object which is the efficient cause of each affect*” (Eth., III, 17, scholium).

⁹ “*The striving by which each thing perseveres in its being involves no finite time, but an indefinite time*” (Eth., III, 8)

Takeover battles and the politics of perseverance in the field of capital

How could inter-firms relations have not been strained to an unprecedented degree of violence when have been settled all the structures of the financial predation? Executive teams live in a world of threat and anxiety, knowing that any underperformance may trigger the deadly sequence: investors dissent - massive sales orders - fall of the stock price, which paves the way to an hostile takeover bid. On the prey side, with the anguish of loss, as on the predator side, with the euphoria of conquest, the general predation atmosphere arising from the new institutional configuration of the finance seems to put at stake some of the most fundamental features of the conatus: self-conservation and perseverance. No surprise then that the conflicts between predators on the hunt and resisting preys, fighting for their survival, have become so frequent and violent in today's capitalism. As Al' Dunlap, a famous raider, once put it with a greed and excitement spark in the eyes: "on the stockmarket, every day, firms are *for sale!*"¹⁰...

The struggles to secure, protect or expand the property and control on firms are perhaps even more telling than competition for market shares when it comes to exemplifying the economic conatus. Naming *natural right* the extension of the conatus in the political realm¹¹, Spinoza in his *Political Treatise (PT)* underscores how deeply it encompasses a fundamental endeavour to live *ex suo ingenio*, that is to say along one's complexion, following one's own inclinations. As the *PT* abundantly shows, this fundamental aspiration to individual sovereignty – of course delusive from a theoretical viewpoint¹², and doomed to be practically frustrated in the political society – is integral to the conatus-natural right. In the field of capital, this aspiration to sovereignty typically takes the form of corporate control. Being the sole master on board, keeping the grip on one's own destiny as a corporate leader, maintaining one's own decision-making power requires to have a tight control on the property of the capital. That is why corporate control showdowns, which in the financial capitalism take the form of takeover bid battles, point at the heart of the capitalist conatus. Persevering in its being as a capitalist means keeping the access to the "objects" making it possible to exercise one's capitalist powers: a position of CEO, a majority in the boardroom, the backing

¹⁰ Al' Dunlap, also known under his charming raider nickname: Chainsaw Al'...

¹¹ It is maybe worth adding that the "natural right" according to Spinoza – and Hobbes likewise – is in no way close to the homonymous notion backing the idea of "human rights".

¹² Spinoza strongly denies any autonomy or free will to the individuals who, he underscores, are always determined to act by external forces and causes (Eth., II, 35, schol.; III, 2, schol.).

of the annual general meeting... All are closely connected with property. From the capitalist illusio viewpoint, the stakes cannot be higher in a stockholding battle which will decide in the end who gets the power. It is then perhaps easier to understand why takeover bid fights can be those tremendous outbursts of violence: it is merely a question of life and death – of perseverance in the being as a capitalist. A case study realized about a conflict of that kind, involving three of the major french banks¹³, has shown what levels passions and rage can reach, incidentally leaving the economic rationality hypothesis in tatters... In these paroxystic moments, maximising the profit is quite irrelevant because what is at stake is far more urging and has to do with survival. It should be clear that in such critical situations all the available means will fit! – cheating, lying, breaking former promises...

As we recognize here the usual dirty tricks of political life, the opportunity is given, once again, to dismiss the fictitious idea of a “market of corporate control” usually considered by mainstream economic theory. Notwithstanding the scant fact that takeover battles have to do with stock markets, the very nature of the stakes (power, life and death, sovereignty or subordination...) and the real logic of the agents’ actions, suggest to relinquish the economic syntax of the market and rather appeal to the political syntax of fields. If, on one hand, fields are realms of sublimation of the grabbing compulsions of the conatuses, and if, on the other hand, politics is essentially a matter of dealing with violence, then all fields, whatever their objects, are somehow political by nature. To each field, its politics ! Politics then should be in no way the exclusive privilege of the political field *stricto sensu*. There is a politics of science, as much as there is a politics of literature, of sport or whatever. And of course there is a politics of capital. This one is nowhere more visible than in the critical moments of takeover battles. The unfolding and the ending of these conflicts cannot be understood without referring to the protagonists’ positions in the field as these positions determine their relative ability to build corporate coalitions, to launch counterstrikes (the so-called “Pacman” tactics), to call to rescue a great ally (the famous White Knight) and more generally to accomplish all the characteristic gestures of the political repertoire: alliance building and alliance reversal, assessments of the balance of forces and of the timely moment of action, identification of the weak points and of the weak links, demoralisation of the enemy, if not crude calomny, and mobilisation of all the available power resources (including the State interventions for those great crusaders of free markets¹⁴...). The field of capital is not an homogeneous space. It is

¹³ F. Lordon (2002), *La Politique du Capital*, Odile Jacob, Paris.

¹⁴ Remind how the american oil company Unocal relied on political interventions to block the chinese CNOOC’s attack.

multi-fragmented, according to various rift lines: industrial sectors, size of the firms, social trajectories of the managers... All these lines are structuring affinities and hostilities, offering leeway for political strategies and maneuvers, aggressions and retaliations.

Today's capitalism then offers a surprising echo to Spinoza's views of the conatus as a fundamental self-interest – true, regulated by laws and morals in the “civil state”, but prone to get rid of any restriction if he is not properly enticed to comply, or deterred to breach (“properly” meaning: with enough power opposed to stop his own dash). In this perspective, the natural right – so to speak the other name of the conatus, considered from a political viewpoint – is nothing but the sheer power of the mode (the “agent”): *“the natural right [...] of every individual thing extends as far as its power”* (PT, II, 4)¹⁵. As a power pole the conatus is radically self-centered, it is a wild self-interest, the savagery of which is never uprooted but only quelled, restrained, shaped or sublimated by the institutions of the “civil state”. That is why, as such, the natural right *“forbids nothing but what no one wishes or is able to do, and is not opposed to strifes, hatred, anger, treachery or, in general, anything that appetite suggests”* (PT, II, 8). Then for the promises: *“The pledging of faith to any man, where one has but verbally promised to do, or not to do, this or that, which one might rightfully leave undone, or vice-versa, remains so long valid as the will of him that gave his word remains unchanged. For he that has the power to break faith has in fact bated nothing of his own right, but only made a present of words”* (TP, II, 12). As paroxystic situations and defining moments, the various episods of the capitalist *kriegspiel*, when the stakes are at the highest and it is a question of life and death, have the virtue to make all these driving forces more visible than ever and to help see how Spinoza's view of the conatus-natural right fits the business manners at a time of liberalized finance. As soon as the social and institutional regulations weakens, the wildest impulses of the conatus pop up anew. The liberalized capitalism and its loosened regulations logically give way to a resurgence of the wilder drives of the conatus, and to a surge in violence.

There is probably no better way to assess the magnitude of the drift than to consider things in retrospect and to remind, for instance, how shocking the first hostile takeover bids first appeared. Weren't they open aggressions, in blatant breach of the tacit rules and the gentlemen agreements of the “bosses' club”? Recalling these past times may help both to appraise the dramatic shift of the implicit norms regulating the corporate behaviours, and to relate this shift to the underlying changes in the structures that have made it possible for new

¹⁵ Spinoza, *A Political Treatise*, translated by R. H. M. Elwes, New-York, Dover Publications Inc.

behaviours to emerge and epitomize the new legitimate norm. If the bosses and corporate field has been turned from a club to a jungle¹⁶ – Spinoza would say that it has been sent back towards the “state of nature” –, this is by no way the effect of any moral decay, as would spontaneously think a theoretical humanist and interactionist viewpoint, forgetful of the structures, but the outcome of a transformation of the structures that has deeply reshaped the behaviours and the interactions. The evolution of the practices is then indexed to the change in the structures, and the history of the practices is nothing else than the history of the structures. Each national capitalism has its own. For instance, the very first hostile takeover bid in France has been launched in 1968¹⁷. Whereas, if not yet frequent, it was not unknown in USA at that time, such a hostile bid in France immediately appeared as a ruthless initiative, spreading outrage throughout the “club”. French capitalism has since learned to get used to these fierce battles... As have, each as its pace, other countries. The hostile bid of Vodafone against Mannesman in 1997, the first ever in german history, is said to have been a collective trauma for “Deutschland-AG”. It has been all the more so that Vodafone was not only hostile but *foreign*, and that a few months earlier a project of hostile bid of a german steel maker against another had been loudly dismissed by the whole political class and the economic elites as “incompatible with the german corporate culture”. Japan will have to wait until 2006 to see a local firm attacking another one¹⁸, and it is no surprise if, at a few years distance and in these two rather close capitalisms, the same comments underscore, here as there, “a clash in corporate culture”. But “corporate culture” is nothing else than a reflect of the new structures which determine it to be as it is: the conatus revamps its ways as soon as the new structural setting allows him to do so.

The sometimes fascinating spectacle of the capitalist violence related to corporate control stakes has to be ascribed to its real causes. Quite in line with the “competition” issue, the “corporate control” issue confirms that the degree of violence of the economic practices is directly linked to the configuration of the structures in which they take place. The deregulation then inevitably fuels the violence of economic practices simply because it gives more room to conatuses to push forward their expansion endeavour. This effect is quite obvious in the corporate control case where the possibility of savage takeover bids is directly linked to the complete freedom of capital flows and, moreover, to the fact that the unraveling of shareholder crossholdings has left firms without any property protection, thus as preys

¹⁶ Of course, rather than this radical dichotomic view, one should have more realistic “mix” in mind.

¹⁷ BSN (now Danone) on Saint-Gobain.

¹⁸ The paper company Oji, on Hokutsu, august 2006.

offered to predators' desires. Isn't predatory behaviour in itself the primal form of the grabbing compulsion of the conatus? And wasn't this predatory drift of the deregulated finance doomed to deeply resonate with the drives of the capitalist conatus?

The overwhelming domination of the shareholder conatus: painful even for companies

The financial capital, more precisely the great institutional investors, is not only a spectator and arbiter of the great corporate showdowns. The General Economy of Violence setting applies to it as well, with even longer range consequences. Besides the paradoxical cooperation of the industrial capital, lured by the siren calls of the all-financial merger-led growth, the change in the structures of finance has been all but designed on the interests of shareholders and exclusively dedicated to them. This transformation mainly intended to shut down an era – the fordian times, when the managers were the real masters, outshining the owners, of course in the day-to-day management but also for the strategic decision-making. By a now familiar argument, this power distribution was the sheer expression of a certain structural configuration in which shareholders were almost completely deprived of any sanction instruments and thus of any mean to weigh on managers and rein them in. “Giving back the companies to their owners” has been the ideological *motto* of the finance liberalizing move which foremost characterizes the general process called “globalization”. The deregulation of the capital markets, the concentration of the wage-earners savings in the balance sheet of the institutional investors, giving them an unparalleled financial strike force, and on top of that the change in the corporate control regime, all these structural and institutional changes have restored the shareholder power and made it stronger than ever. It should be clear that whenever we are talking of “shareholders” we must think of *institutional investors*, and not individual shareholders who are scattered, uncoordinated and whose financial weight is consequently negligible: only the *concentrated savings* may claim what could be called, following André Orléan, the “power of finance”¹⁹ – knowing that this concentration capability belongs only to financial institutions²⁰. Shareholders have now the effective power to monitor and deter managers, a power which always relies on the same structural leverages: the investors dissent may be immediately expressed into a direct threat on the executive team through the chain of sales orders, falling stock price, and a possible hostile bid which will end up with the ousting of the incumbent managers. Because this

¹⁹ André Orléan (1999), *Le Pouvoir de la finance*, Odile Jacob, Paris.

²⁰ Such as pension funds and mutual funds.

sequence, entirely under the control of the shareholder capital, which is ruling the equity markets and may trigger it at any time, reaches at the heart of the executives conatus, namely at their own individual strivings to persevere in their being as bosses, the stake is at the highest and the threat the most effective. The eagerness and hurry with which bosses now comply with the shareholders requirements – whereas they were almost completely ignoring them during the(ir) “golden” fordian era – is the striking feature of todays capitalism and gives a clear idea as to where the real power has shifted. The figure of the sovereign boss now has faded away and belongs to the past, because he has found, so to speak, “more sovereign” than him. One could hardly find more impressive an evolution in, say, the latest half century of the capitalism history than this extraordinary reining-in of firms by the shareholder power, the iron grip in which it now holds them and submit them to its own requirements and desires – another spectacular example of the self assertive character of the conatus.

One could find a telling illustration of this recovered power of shareholders in the new management criteria they have succeeded to impose to all the listed companies. The exclusive and universal yardstick now is... the “shareholder value”, of course! In a way, the “shareholder value” is one of the loosest concept ever produced by the financial folk, and sometimes academic, theories. One can count at least fourteen different, and sometimes flat contradictory, definitions²¹! All have nevertheless in common to revolve around a mix of net profit and/or stock price performance. The less flimsy notion of “shareholder value” is a bit more precise and, discretely copied from Marshall’s work – 1890! –, has been promoted by consulting firms such as Stern, Stewart&Co under the name of *Economic Value Added* (EVA)²² – the emphasis on *Economic* probably aiming at watering down, but in words only, its radically shareholder-centered viewpoint. To put it simply, the EVA performs a kind of redefinition of what profit is – and thus of what “genuinely” profitable companies are. The EVA is a super profit, more precisely the ultimate accounting balance when, from the old “classical” – and misleading, the EVA proponents say – net profit, has been substracted an ultimate cost which is the cost of “supplying the capital”. This so-called “cost of capital” is calculated with the help of modern finance theory tools, in particular the “capital asset pricing model”²³ on the basis of the interest rate of the riskless asset (generally 3 months T-bonds) plus a risk premium reflecting the stock markets conditions. Beyond the technicalities, it is

²¹ See F. Lordon (2000), « La “création de valeur” comme rhétorique et comme pratique. Généalogie et sociologie de la “valeur actionnariale” », *L’Année de la Régulation*, vol. 4, La Découverte, Paris ; also available at : http://web.upmf-grenoble.fr/lepii/regulation/Annee_regulation/AR4-2000-04LORDON.pdf

²² See B. Stewart (1991), *The Quest for Value*, Harper Business.

²³ H. Markowitz (1952), “Portfolio Selection”, *Journal of Finance*, vol. VII, n°1.

clear that the EVA aims at imposing to firms, before declaring them “profitable”, a cost which is in no way related to the companies operations but is a measure of the shareholder “goodwill” and effort at supplying capital. This new profit definition may considerably alter the view on companies performances. For a same level of “classical” profit, two companies will be strongly differentiated by their respective capital expenses, the shareholder preference obviously going to the one that succeeded to make the given amount of classical profit by much less appealing to the shareholders contribution, eventually offering them a much higher return on equities. In short, a firm is not declared profitable until it has made a positive EVA, that is to say a net super profit including now the shareholder viewpoint in the calculation.

The EVA and all the various discourses on the “shareholder value” are part of a broader picture which sees companies more subjected to the shareholder requirements than ever. The duty for firms to outflow super profits so as to satisfy shareholders, is absolute – on the risk of being stormed on the stock market. Profits warning have become the most perilous events in a company’s life. Every boss has in mind the disastrous experiences some of their colleagues have gone through. For example, a profit warning posted by Alcatel (a french telecom equipement group) in 1998, announcing, not that it would make losses, but that its annual profit would top only FF. 4 bn and not the 6 (!) forecast by the management and expected by the analysts, caused a 30% fall in the stock price in one day and wiped off billions in capitalization. This has been one of the very first, and mind striking, event of the sort, a harbinger of what a new finance-led capitalism was to mean for bosses, but has been since then followed by many others²⁴. Under such a terrible pressure imposed by the obligation of profit, itself commanded by the obligation of keeping the stock price at the highest – because the shareholder point of view values nothing but profit, and sets the stock price accordingly – companies are desperately fighting to run always higher surpluses. All the behaviours of the firm are then subordinated to the fulfilment of the shareholder constraint. There is hardly better sign of this iron grip of shareholders on the company than the size of the tribute they can levy from its cash flows. This may be seen not only through the fall in the rate of retained profit – a corollary of the higher dividends payed to shareholders – but also through a brand new financial practice, appeared at the end of the 90’s, named “buy-back”, which consists of firms going on the equity market to repurchase their own stocks. Buy-back is thus a twofold way to enrich shareholders: first by giving them cash back directly, then by

²⁴ Recently (july 2006), Yahoo has lost almost 20% on the Nasdaq in one day, due to an indirect profit warning: in fact Yahoo had to announce delay in the launching of a new search technology intended to raise revenues and profits.

its “relative” effects – as the global profit is perequated on a diminished number of shares, the earning per share is mechanically increased, which is most often expected to rise the stock price rise. Higher dividends and buy-back operations are now part of the usual means to woo shareholders. They are especially used when an hostile bid is looming and that investors have to be convinced of not bringing their shares to the assailant. Hence for instance has Arcelor, a french steel-maker, threatened by an hostile takeover bid by the indian Mittal, decided in 2006 a € 5 bn buy-back, hoping its shareholders would be mindful... In the end, always higher dividends, as buy-backs, are huge amounts of cash diverted from productive investment. Here appears clearly the tributary dimension of the levies operated by shareholders on the company’s wealth, and the way it endangers its real productive operations. Perhaps even more than the threats on conative sovereignty pertaining to the new corporate control regime, these levies points at the clash line between the industrial and the financial conatuses. The requirements of the financial conatus here directly contradict those of the industrial conatus which keeps on envisioning its own expansion striving under the form of the technological, productive and commercial achievements. But this “real” form of the industrial striving requires financial ressources which are more and more claimed by the financial conatus – which will push to its limit his desire for just “more money”.

Labour at the dominated edge of the chain

Needless to say the extra pressure borne by bosses is nothing compared to the one bruising workers. What they are stripped of on one side by the shareholder finance, bosses will try to recoup it on the other side, namely on labour productivity. Bosses are then located in an intermediary positions in the domination chain going from finance to labour – but much closer to one pole than to the other! Although conflicting, corporations and finance, industrial capital and financial capital, remain, two components of the broader general “capital”, and the contradiction opposing them is secondary and much weaker than the primary contradiction between capital and labour. Corporations yet suffer more pressure than before from the shraeholder finance, but transmit the bulk of it to the lower levels – namely labour. Labour is the dominated edge of the chain of economic power for reasons definitively enlightened by Marx. What could nonetheless be added is that the violence and the domination suffered by the workers vary in form and degree depending on the configuration of the economic structures. On one hand, this configuration determines the places of *some* of the economic agents in the domination chain: for instance corporations and finance have swapped theirs in

the move towards deregulated capital markets. On the other hand, the capitalism is the production mode which always assign the dominated edge of the chain to the same agent, and changes in the structural configuration may only soften or deepen this *absolute* domination. The fordian era remains remarkable insofar as its structures had allayed the domination suffered by workers, making it – in relative terms! – “lighter” than ever before: self-centered national economies with many restrictions to external trade and foreign direct investment were softening the international competition constraints and making offshorings almost impossible; withered equity markets and strongly regulated currency markets made the shareholder power negligible. All the fordian structures were such that, *ceteris paribus* of course, the relative bargaining power of labour was at its highest. The Great Transformation of the general deregulation of every markets has thrown down all that, opening wide room for the dominating conatuses – the various conatuses of the capital: industrial and financial – to dramatically intensify their domination. In a way it could be very tempting to consider a political economy of the globalization which would view it as a way of rolling back the labour social conquests of the fordian era, a way of disciplining labour again by submitting it to a whole new set of constraints deeply undermining its former bargaining power – a common goal for both the industrial and the financial capital, emphasizing, if need be, how secondary their contradiction is compared to the primary capital-labour one. In the present world, workers can do nothing but adjust to the international competition of low-cost producers, to comply with the threat of offshoring, to make endless productivity gains so as to deliver the returns wished by the shareholders. If they don’t, factories are shut down or moved abroad, the firm risks going bust, or the shareholders will support a takeover by a new boss who will “do the job”. Offshoring, outsourcing, downsizing, cost-killing, and all these words in “ing” which make the success of management fads have directly to do with the categorical imperative of return. But fads are turned into operational decisions and concrete actions, and only make the preposterous side of a crude and biting reality: the finance and its profit requirements have now the power to get full satisfaction. French workers have recently been proposed to move abroad with their factory, for instance in Romania or in Thailand, with a 150 € monthly wage. Absolutely inconceivable ten years ago, this proposal, though spreading outrage in the public opinion, has yet been made possible. Though anecdotal, this story is highly significant of the present balance of forces and underlines how great the shift has been in the dividing line separating what is possible and what is not, what could not be dared and what can be now. Down through the domination chain, the profit claim of the unleashed financial conatus – perhaps a fitter word for the euphemisitic “liberalized finance” –

eventually bruises the workers. Labour costs and productivity have become the only and ultimate adjustment variable and bear the whole burden of the new profit requirements. The extra violence exerted by the financial conatus is spreading throughout all the economic system but goes down along the domination chain and strikes most the weakest powers. The deterioration of the work conditions, the overwhelming productivity pressures, the all-out flexibilization of work, the union repression (think of Wal-Mart or McDonalds), the psychological harrasment on the work place: there are countless signs and facts indicating a dramatic surge in the violence exerted on workers, let alone the large-scale slashing of the workforce or the *ad nutum* individual firings. Where does the rise in the general level of economic violence end down? on the weakest bit of the domination chain. What has caused it? a shift in the structure that has given more room to the already dominating conatuses.

The swing in the balance of forces between finance, corporations and workers could not be more spectacular. Companies are rushing to extract always bigger surpluses – far more than they did during the fordian era when the managers were the masters, as indicated by the surge in the profit rate at the turn of the 80's²⁵. The desire of finance now prevails and outplays any others, including the bosses' and companies' – let alone the workers'... Again, the structures have made it so. Structures determine the outcome of conatuses conflicts. In their present configuration they overwhelmingly give the upper-hand to the financial conatus. The conatus always goes as far as it can – each thing “*quantum in se est in suo esse perseverare conatur*”, Spinoza says in (Eth., III, 6) – and this edge is determined by the structures which mediatize and organize the conative conflicting interactions. There is no inner regulation or whatever moderation to be expected from the shareholder conatus – as from any conatus of any other sort, because self-limitation does not pertain to the concept of conatus, as an *indefinite* striving – limitation only comes from the outside, from other and opposed powers. The financial thrust is nowhere close to abate, at least as soon as the structures of the capitalism will give it this drive. Restating the problem in these terms may help see its political nature, in accordance with the general message of the *Political Treatise*. It then belongs to the societies to decide wether they will suffer an indefinite time the effects of the present structures, or will have at least the will to redesign them so as to rein-in some conatuses, leave more room to others, change the overall balance of forces between them, and hopefully lower the general level of economic violence.

²⁵ Gérard Duménil and Dominique Lévy (2004), « Le néolibéralisme sous hégémonie étatsunienne », in François Chesnais (ed), *La Finance mondialisée*, La Découverte, Paris