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From Scarcity to Surplus:
A Contribution to the Critique of Neoclassical Foundations

A Dissertation submitted in partial satisfaction
of the requirements for the degree of

Doctor of Philosophy

in

Economics

by

Ozan Isler

December 2009

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The Dissertation of Ozan Isler is approved:

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ABSTRACT OF THE DISSERTATION

From Scarcity to Surplus:
A Contribution to the Critique of Neoclassical Foundations

by

Ozan Isler

Doctor of Philosophy, Graduate Program in Economics
University of California, Riverside, December 2009
Dr. Stephen E. Cullenberg, Chairperson

This dissertation is composed of two halves: "economies of scarcity," and "economies of surplus." The first part, "economies of scarcity," performs a philosophical critique of modernism by discussing the inherent limits of the foundations of neoclassical economic discourse. Here, rather than formulating utility functions that can better take account of our inherent cognitive biases – as, for example, behavioral economics does – I focus on the formal foundations common to all such "utility functions" and describe their shared inherent limits. The purpose of this critique is to deconstruct the neoclassical use of choice theory in order to assemble an alternative theoretical space in the proximity of this formal foundation without being dominated by its logic. Ultimately, I am after a flexible theoretical framework that can be used to make sense of social processes of valuation at work across different "discursive fields." The thesis of this first chapter is that, within the complex variety of mainstream discourses one can identify a particular

theoretical order imposed by the use of choice theory as the maximization of a utility function. I describe this discursive order as the process where the abstract framework of the utility function concretizes as a relation of scarcity, as scarcity in dominance; Dominance of scarcity results in the forgetting of the existence of the effectivity of surplus, how its logic and lure shape social relations. Here, in light of my observations from the first part, and as opposed to neoclassical economics, I consider the relationship between means and ends as ongoing, incomplete and indeterminate discursive processes of making sense. Consequently, to explain the possible establishment of an order within particular means-ends relations, I propose a philosophy of discursive "hegemony" as an alternative to the modernist philosophy of dominance. From this perspective, when scarcity is not fully present, the concept of surplus assumes a normative meaning in relation to the concept of use-value.

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Preface

Consider your activities throughout a routine day; after waking up you might have breakfast, teach, go to the library, meet with friends, go running, etc. Even when they are not always conscious and calculated enough to warrant the adjective "rational" these everyday practices are almost always intentional, and they can be viewed as relations of making use, of relating means to ends. Even if your means, ends or the ways you relate them are not clear in your mind during these acts, if pressed for an explanation of your actions, you would probably answer by giving a consequentialist reason, by relating some means to some ends.

At least in part, neoclassical economics derives its persuasiveness from its ability and willingness to explain such intentional behavior in general. To do so, it conceptualizes these means-ends relations in a particular way, as the "maximization of a utility function." This formulation presumes means, ends and their relations to be fully established, and the individual to be fully motivated to make the most use out of her means. In other words, even though

neoclassical economists argue that people behave according to "incentives," they begin their theoretical investigations by presuming this "incentive structure" to be already in place, thereby avoiding a discussion of the process of motivation implied by intentional behavior. However, if intentional action is a process of making use of means to achieve desired ends that is logically reducible to a "moment of choice" then a process of making sense of the mean-ends relations that is logically prior to this "moment of choice" as well as a logically posterior process of the implementation of this decision are also necessarily implied.

Neoclassical economics considers all such processes of motivation, persuasion, valuation and implementation as merely belonging to the sphere of "individual subjectivity," and presumes that their outcomes are fully reflected in or reducible to an individual's "preferences." The abstract conception of preferences provides neoclassical economics with a theoretical flexibility to make sense of means-ends relations even when means are not easily identifiable scarce objects and even when the uses of means relate to complex subjective processes; abstracting from the concrete context of scarcity and from the specific contents of preferences, the formal conception of the utility function and the presumption of its maximization imply that the individual is making the most use of her means, whatever they might be. In other words,

even though the purely abstract conception of the contents of preferences evades, for example, the question of whether choice results from desires or reason, the form of choice implied by the maximization of a utility function still retains a comparison of the outcomes of alternative choices with regard to use, and thus, still carry in its form the logic of "making the most use."

As a result of its purely logical construction of the relationship between means and ends, neoclassical economics is able to ignore the processes of the establishment of preferences; despite its insight and theoretical usefulness, neoclassical foundations are thus limited by its own assumptions. At the same time, as one can observe in the field of behavioral economics, discussion of these processes of emergence of preferences are more often than not related to psychological processes limited within an individual's subjectivity; this is a valid characterization of even the severely critical approaches to the neoclassical logic of choice. For example, George Ainslie, in his *Break-down of Will*, persuasively argues that not all subjective processes can be reduced to an individual's preferences; motivational aspects of behavior, in particular, the uses and abuses of the "will," destabilize the form of economizing choice itself (Ainslie). In order to shed light onto problems of addiction, self-control and self-deception, Ainslie proposes the theory

of hyperbolic time-discounting that provides a formal analogy for how valuing future outcomes at different rates, depending on how far away they are in the future, may result in the reversal of preferences. So, for example, one might prefer to have a million dollars today to having two million dollars next year, but when asked if one would rather have a million dollars nine years from now or two million dollars ten years from now people frequently revert to the latter option. Such an outcome contradicts the presumption of pre-given preferences, and thus, destabilizes the form of choice implied by the maximization of a utility function. Nevertheless, such critiques explain the process of emergence of preferences strictly as processes of individual psychology.

A word of warning before moving on: My criticism of the implications of "the maximization of a utility function" is not a criticism of the formal presentation of the preference relation in itself or of choice theory in general; in other words, I do not consider choice merely as preferences over outcomes but as a relationship between means and ends; hence, I focus on the formal foundations that relate to the "maximization of a utility function."

I do not deny the insights and uses of the neoclassical foundations of choice as a purely logical construction; neither do I want to deride the critical reevaluation of this logical framework made in reference to psychological

mechanisms. Rather, in this dissertation, I concentrate on another - a severely ignored - aspect of these processes of making sense, persuasion, motivation and implementation that accompany relations of making use; here, instead of considering the logical or psychological character of choice, I concentrate on the social origins of the establishment of preferences as arising from within discursive processes. The concept of the will and its weaknesses, as Ainslie demonstrates, put the logical reduction of means-ends relations to the form of the utility function in doubt. Here, I take the "will" and its weaknesses as also socially contingent phenomena established within discursive processes of making sense.

In this dissertation, rather than formulating alternative utility functions that can better take account of our inherent cognitive biases - as the critical approaches of behavioral economics to neoclassical foundations often do - I focus on the formal foundations common to all such "utility functions" and describe their shared inherent limits in giving insights into the discursivity of choice. In other words, here, I am not simply making a list of problems with neoclassical abstractions; economists have always used theoretical models and abstractions to produce knowledge, and any abstract model necessarily comes with its inherent limits. Rather, this dissertation emphasizes how the inherent limits of

neoclassical economics may be "forgotten" in the discursive construction of the scarcity relation, that is, in the practice of economic knowledge production, and traces the possible consequences of such forgetting.

Most importantly, as we will see, neoclassical foundations result in the forgetting of the existence of the effectivity of surplus - how its logic and lure shape social relations; from this perspective, when scarcity is not fully present, the Marxian concept of surplus acquires a new significance in the explanation of the relationship between means and ends.

The itinerary of this dissertation includes a critique of the neoclassical conception of intentional behavior as a logical relationship as well as a proposal for a possible reformulation of this conception. The purpose of this critique is to deconstruct the neoclassical theory of choice in order to assemble an alternative theoretical space in the proximity of this formal foundation without being dominated by its logic. Ultimately, I am after a flexible theoretical framework that can be used to make sense of social processes of valuation at work across different "discursive fields."

Simply stated, my arguments in this dissertation follow from the observation that, although it is promising to consider intentional behavior as a relation of making use, there is no necessary reason, an essential economic logic, to

the presumption that "most use" is being made in all such relations. In order to consider this possibility, I resist the neoclassical presumption that means-ends relations are already established, and instead of reducing the logically prior process of making sense and the logically posterior process of implementation to individual psychology, I consider them as discursive processes of "rationalization" of the uses of a particular activity. In other words, I focus on the social determinants of "preferences" as I consider the role of language and discourse in the processes of making sense of means-ends relations.

This dissertation is composed of two halves: "economies of scarcity," and "economies of surplus." The first part, "economies of scarcity," performs a critique of the inherent limits of the foundations of neoclassical economics. The thesis of this first chapter is that, within the complex variety of mainstream discourses one can identify a particular theoretical order imposed by the use of the utility function; I describe this discursive order as the process where the abstract framework of the preference relation "concretizes" as a relation of "scarcity;" specifically, as economists use choice theory to study means-ends relations in more and more concrete discursive contexts - for example, as the mathematical form of the utility function is used to build economic models - explicit assumptions of choice theory become

supplemented with various implicit assumptions, and it is the constraints on the uses of knowledge imposed by these implicit assumptions that problematizes neoclassical economics. This process results in what I call the "dominance of scarcity," where the logic of choice, the form of relating means to ends, is necessarily interpreted as making the most use of means, independent of the concrete context of scarcity. In this conception, the biased effectivity of language and indeterminacy of interests are necessarily ignored, and value is conceptualized as a static relation within "economies of scarcity." Crucially, I argue that the lack of dominance of scarcity does not mean that the intention to make use is absent; rather, it implies that such an intention is not fully in place, that it is not dominant. As opposed to the concept of "scarcity" that implies dominance, I use the notion of the "effectivity of scarcity" to denote the not-necessarily-dominant tendency in intentional behavior to economize on scarce means.

In light of my observations from the first part, in the second half of my dissertation, I propose an alternative theoretical framework to study the establishment of means-ends relations. Here, as opposed to neoclassical economics, I consider the relationship between means and ends as ongoing, incomplete and indeterminate discursive processes. Here, similar to the neoclassical use of "scarcity," I use "surplus"

as a purely abstract conception that has the potential to derail established means-ends relations. In this context, the indeterminate nature of the discursive aspects of making use allows us to supplement the Marxian concepts of use-value and surplus as not only descriptive but also normative concepts. In light of these results, the indeterminacy of preferences complicates the relationship between scarcity and use-value, and paves the way towards an alternative understanding of the concept of surplus. Hence, the goal of this dissertation is not only to lay bare the problems with neoclassical economics but also to suggest a new way forward by expanding the Marxian concept of surplus and its applicability.

More specifically, in the section "economies of surplus," I juxtapose the notion of the "effectivity of scarcity" to its logical opposite, the "effectivity of surplus;" I relate the tendency to make the most use within a means-ends relation to the counter-tendency that weakens this intention. The lack of dominance of scarcity makes this logical relation possible; that is, in order to be able to consider the varying levels of the expediency of the effectivity of scarcity, in other words, to allow a framework where a relation of use making does not have to involve making the most use, I devise a heuristic axis of intentionality that moves between the dominance of "scarcity" and the dominance of "surplus" but that is not dominated by either pole of the axis. Using this flexible

framework that can take account of the varying degrees of the expediency of making use, I argue for a philosophy of hegemony as an alternative for the philosophy of dominance that neoclassical economics relies on; the former can take account of the disorder within the complexity of social processes of valuation as well as the possibility of a discursive hegemony arising out of it, whereas the latter assumes that one side of the modernist duality (in our case, scarcity vs. surplus) necessarily "dominates" the other. The former can incorporate the concepts of discourse, field, surplus and "social unconscious," whereas the latter is constrained by the concepts of dominance, totality, scarcity and individual consciousness.

Thus, in this dissertation, I consider the implications of the discursivity of means-ends relations on two "separate" levels: I deal with the discursivity of economic theory itself in the section "economies of scarcity," and in the following section "economies of surplus," I consider the implications of the discursivity of the means-ends relations that partly constitute neoclassical economics' object of study. Given the current problems of mainstream economics and its petering persuasive powers, my reformulation of the very foundations of mainstream economics, though ambitious and incomplete, tries to articulate a real demand and suggests possibilities for future scholarship.

Introduction

i. The Need for the Critique of Neoclassical Economics

Amidst the worst worldwide recession since the Great Depression, the neoclassical approach to means-ends relations, which once imbued economics with rigor and authority, is becoming less and less persuasive. Today, the world at large has serious doubts about the usefulness of neoclassical economic knowledge, and its once hegemonic scientific authority is evaporating quickly. Take, for example, Alan Greenspan's hesitation and inability to defend "the whole intellectual edifice" of mainstream economics - including neoclassical economics, its theory of rational expectations and the efficient market hypothesis:

REP. HENRY WAXMAN: ...you said in your statement that you delivered, "...the whole intellectual edifice of modern risk-management collapsed." You also said, "those of us who have looked to the self-interest of lending institutions to protect shareholders' equity, myself especially, are in a 'state of shock, disbelief'." Now that sounds to me like you are saying that those who trusted the market to regulate itself, yourself included, made a serious mistake.

ALAN GREENSPAN: Well, I think that's true of some products, but not all. I think that's the reason why it's important to distinguish the size of this problem and its nature. What I wanted to point out was that - excluding credit default swaps - derivatives markets are working well.

REP. HENRY WAXMAN: Well, where did you make a mistake then?

ALAN GREENSPAN: I made a mistake in presuming that the self-interest of organizations, specifically banks and others, were such that they were best capable of protecting their own shareholders and their equity in the firms.

(House of Representatives)

Greenspan's questioning of the relationship between the self-interest of organizations and optimality of outcomes is emblematic of the uncertain future that the academic field of economics faces. For now, this uncertainty is mostly visible in public discourse and its fresh and forceful memory of grand market failure. The ongoing economic crisis forcefully reminded the world at large that unfettered markets are not necessarily self-regulating or socially optimal. The theoretical conception of the economy as a totality in order — namely, as a logical and stable relationship between rational actors and efficient equilibrium outcomes — is no longer convincing in practice — not even to its most ardent practitioners. Alan Greenspan, for example, recently predicted more crises to come: "It's human nature, unless somebody can find a way to change human nature, we will have more crises, and none of them will look like this because no two crises have anything in common, except human nature" ("Market Crisis Will Happen Again").¹

¹ I acknowledge that Alan Greenspan—in line with the significant portion of finance and business community—is perhaps influenced by Austrian economics more than neoclassical economics. Nevertheless, the concepts of self-regulating markets and

This current uncertainty – in part, regarding what “human nature” is – has not yet fully affected the discipline of economics. One can predict that alternative schools of thought (e.g., Keynesian, Marxian, institutionalist) and particular fields within mainstream economics (e.g., Behavioral, financial economics, agency theory) will possibly receive more attention. But what about the formal foundations of neoclassical economics – the abstract framework that has been influential enough to define mainstream economics at large as the study of the efficient allocations of scarce resources? Amidst the current economic and intellectual crisis, will this foundational logic of neoclassical economics be able to continue to persuade its audience and frame large group of economic arguments after its image?

The common acceptance of the neoclassical way of conceiving means-ends relations among economists has constrained the examination of these relations’ various other aspects. Consequently, even though understanding social relations as relations of use can be approached from many different angles, “foundationally different” alternatives register meager value in the “currency” of the discipline of

individual rationality reign in these circles, and more importantly, if the source of these ideas are in any way coming from the discipline of economics, they would have to have the mould of neoclassical thinking.

economics. Nevertheless, here, I consider at length the possibility and the desirability of an alternative.

In order to do so, I take neoclassical economics at its own definition – as the study of the efficient allocation of scarce resources – and focus on the theoretical structure that corresponds to this definition. Consequently, I argue that economic models founded on the maximization of a utility function have in common a set of implicit assumptions originating from this formal foundation. Here, though an essential component of the neoclassical logic, I do not consider the concept of equilibrium in itself. Rather, I take account of this concept in its role in individual utility maximization – as the idea that if an outcome is efficient then an instrumentally rational individual has no motivation to change her behavior.

Neoclassical economics has little theoretical explanation for the major economic problems we now are facing and, thus, one can expect the mainstream of the discipline of economics to reevaluate its allegiance to the foundational concepts of neoclassical economics – rational choice and market equilibrium. Already, in response to this situation, one of modern mainstream economics' most established theorists, Paul Krugman, is advocating a questioning of the foundational assumptions of neoclassical economics and moving away from its intensive formalism. He says:

When it comes to the all-too-human problem of recessions and depressions, economists need to abandon the neat but wrong solution of assuming that everyone is rational and markets work perfectly. The vision that emerges as the profession rethinks its foundations may not be all that clear; it certainly won't be neat; but we can hope that it will have the virtue of being at least partly right.

(Krugman)

Krugman argues that economic theory has simply forgotten the history of past recessions as well as the learned lessons embodied in Keynesian economics, and explains why: "Because economists, as a group, mistook beauty, clad in impressive-looking mathematics, for truth" (Krugman).

We thus are at an opportune moment to think critically about the foundations of modern mainstream economic theory, consider its current limits, learn from its past mistakes and look beyond its unprofitable horizon towards alternative knowledge practices. As Krugman says, we should "face up to the often idiosyncratic imperfections of markets and accept that an elegant economic 'theory of everything' is a long way off" (Krugman). This is indeed the way in which this dissertation is intended to advance on the current state of economics – through a philosophical critique of its very foundations.

ii. The Critique of Modernism

However, a philosophical critique of neoclassical foundations requires a critique of modernism. Modernism – as a deficient philosophy, method and cultural attitude – is no

longer hegemonic within the scientific community at large. But its logic is still tightly secured within the foundations of neoclassical economics, and as such, it is constitutive of mainstream economic discourse.² As I demonstrate in the first chapter of this dissertation, the method and culture of modernism is crucially related to the growing incapacity of mainstream economics to be insightful and convincing.

Modernism sees two separate roles for knowledge within a rational society: Production and validation of knowledge as true, and its objective and rational application to problems. It presumes that the ways in which knowledge is put to use is independent of the truth of this knowledge; conversely, the truth-value of knowledge is established independently of its general use. By considering the validity of knowledge as an issue of correspondence between abstract thought and concrete reality, or in other words, as a matter of representation of the essence of reality in thought, modernism conceives the problem of the validity of knowledge as constrained within itself, as a problem in thought or as a purely epistemic problem. As we will see, neoclassical economics shares this modernist view in its very method and epistemology. Accordingly, economists qua scientists can safely ignore the practical use of economic knowledge by society, and instead,

² See Cullenberg, Amariglio and Ruccio (2001).

simply focus on producing and ascertaining the validity of knowledge in itself through the establishment of rational or empirical "correspondences" between abstract knowledge (e.g., formal theories and models) and reality. But even the abstract models of economic theory are in part constituted, hence enabled, by the uses of an already-established knowledge; consequently, the modernist presumption of the strict separation between the verification and use of knowledge does not hold. Take, for example, how choice theory is used to build models of game theory, consumer theory, macroeconomics, etc. Here, it is the common acceptance of the validity of this foundation that ultimately helps to establish these models' "truth." But uses of knowledge, whether used to validate other knowledge or used for another application, are not always transparent; for example, knowledge has an interpretative aspect when used to validate other knowledge.

Consequently, the reality of what we might temporarily call "the ideological use" of scientific knowledge puts this modernist view in severe doubt. See, for example, the rest of the above dialogue that took place on October 23rd, 2008, during former Federal Reserve Chairman Alan Greenspan's testimony to the House of Representatives regarding his role in the current crisis of capitalism:

REP. HENRY WAXMAN: The question I have for you is, you had an ideology, you had a belief that free, competitive – and this is your statement – "I do have an ideology. My judgment is

that free, competitive markets are by far the unrivaled way to organize economies. We've tried regulation. None meaningfully worked." That was your quote. You had the authority to prevent irresponsible lending practices that led to the subprime mortgage crisis. You were advised to do so by many others. And now our whole economy is paying its price. Do you feel that your ideology pushed you to make decisions that you wish you had not made?

ALAN GREENSPAN: Well, remember what an ideology is, it is a conceptual framework with the way people deal with reality. Everyone has one. You have to – to exist, you need an ideology. The question is whether it is accurate or not. And what I'm saying to you is, yes, I found a flaw. I don't know how significant or permanent it is, but I've been very distressed by that fact.

REP. HENRY WAXMAN: You found a flaw in the reality...

ALAN GREENSPAN: Flaw in the model that I perceived is the critical functioning structure that defines how the world works, so to speak.

REP. HENRY WAXMAN: In other words, you found that your view of the world, your ideology, was not right, it was not working?

ALAN GREENSPAN: That is – precisely. No, that's precisely the reason I was shocked, because I had been going for 40 years or more with very considerable evidence that it was working exceptionally well.

(House of Representatives)

The above dialogue shows how economic theory is not only used as the objective and rational application of science to society's particular problems but is also used as an ideology, as a biased way of viewing and making sense of the world at large. This problematizes the modernist view of the role of knowledge: One cannot presume that the validity of knowledge is secured by a theoretical or empirical "correspondence" if (1) the use of this knowledge as a worldview limits the consideration of otherwise more useful viewpoints and (2) the

form and contents of this ideological knowledge is responsible for this limitation. For example, an ideological use of neoclassical economic knowledge would involve the concepts of "instrumentally rational choice" and "market equilibrium" not merely as referring to foundations of models that we make use of when appropriate - through a rational and pragmatic relation - but also to conceptual frameworks that individuals identify with and practice as unquestioned systems of belief. It is such an ideological use of economic theory that has led many - including Alan Greenspan - to "forget" that crisis is a recurrent problem of capitalism. A pragmatic use of economic theory may allow a democratic process and its representative to be in control, whereas the ideological use of theory restricts alternative ways of thinking about the economy - constraining, for example, the consideration of the fact that markets may not always be "self-regulating" - and allows a kind of "social forgetting" through the repression of already established or otherwise possible knowledges - such as the effectiveness of Keynesian policies in combating a major capitalist crisis. Does modern mainstream economic theory itself play any role in Greenspan's "forgetting" of the Great Depression? If so, what is the relationship between neoclassical economic theory and its "ideological use"?

The "ideological use" of knowledge takes place within the rules and regularities of language in practice, that is,

within a discursive process. However, modernism is based on the presumption of transparency and efficiency of representation and translation between the real and its conception in thought, thereby ignoring such biased effectivity of language on knowledge and its uses. Since neoclassical economics is founded upon this modernist metaphysics, it cannot take account of its own ideological position, as the category of ideology does not exist in a modernist framework. The modernist presumption of the duality between concrete reality and abstract knowledge – and in particular, independence of knowledge from its use – is at the same time a bracketing off of the question of ideology. Hence, critique of neoclassical economics requires a critique of modernism.

iii. The Limits of the Concept of Ideology

From early on, with similar examples and questions in mind, my plan for this dissertation was to use the Marxian concept of ideology as a way to understand the inherent limits and to explain the persuasiveness of economic arguments based on neoclassical foundations. However, I have come to see that – though insightful – the concept of ideology is itself ultimately limited in its explanation of relations of power and persuasion regarding ways of making sense of this world because it, too, relies on the presumption of a duality between concrete reality and abstract knowledge. In this

dissertation, instead of an epistemic evaluation of the "correspondence" between the two sides of this modernist duality, I try to account for the complexity of the linguistic terrain on which this "correspondence" is established by studying its metaphorical and performative qualities. In order to make sense of the biased effectivity of language that defies its modernist role of representation while occupying the space "in between" abstract knowledge and concrete reality, I move away in this dissertation from the concept of ideology to the more appropriate one of discourse.

Before making this theoretical move, I was motivated by the ideas of Marx the young Hegelian, who saw reason as the main force behind human emancipation, and for whom ideology was basically a mistaken identity of the subject - an epistemic problem resolved by becoming conscious of one's bad reasoning or of what was once unknown. I was inclined to believe that "the reform of consciousness consists entirely in making the world aware of its own consciousness, in arousing it from its dream of itself, in explaining its own actions to it" ("Letter From Marx To Arnold Ruge"). Accordingly, the critique of ideology - namely, articulation of its internal contradictions - would make the ideological subject realize its allegiance to a false identity and replace it with a more objectively true one. One simply had to remind Greenspan of the Great Depression, as it were.

However, a purely epistemic critique is based on a mistaken conception of what ideology really is, and this conception itself is ideological for two main reasons. First, an ideology – as a form of practice of knowledge – necessarily has use-value within a historical and social context apart from its epistemic truth-value. In this sense, Greenspan's excuse has some validity: "Everyone has one. You have to – to exist, you need an ideology." It follows that an ideology cannot be eliminated by a purely epistemic critique, as this would leave the social relations in which it functions and thus its social use-value intact – Greenspan's ideology "was working exceptionally well" despite its flaws in representing "the critical functioning structure" of the economy. Similarly, what would replace a "false" ideology would necessarily assume certain ideological functions in its practice, in the uses it assumes and in the interests it supports as opposed to others. Secondly, use-value of knowledge is always established within a discursive process of social valuation – it arises out of a social relation. "The whole intellectual edifice" of mainstream economics as a conceptual framework is a social product, and Alan Greenspan is merely a representative of its use as worldview. In other words, "the epistemic subject" – the subjective beholder of knowledge – cannot be reduced to an individual entity whose rationality has full government over this knowledge.

These two problems would motivate Marx to move away from considering ideology in itself to locating its ontological position in the material relations that are outside of it: "It is not the consciousness of men that determines their being, but, on the contrary, their social being that determines their consciousness" (Kamenka 160). For Marx, ideology was no longer a mistake originating from within the consciousness of an epistemic subject but from the contradictions within social relations of production, distribution and consumption. However, as soon as ideology was reduced to a mere reflection of the real material relations outside of it, it lost its importance as a problem, and Marx, almost naturally, moved away from studying ideology as his main problematic to studying political economy as the correct approach to understanding the determination of history by "the production of material life itself" (Kamenka 171). This revised ontological conception of ideology assigns a certain social necessity to it, and in this way, recognizes the social use of knowledge. However, it does so by reducing the effectivity of ideology to a materiality that is completely outside of it, and in so doing, ignores the complex indeterminacy of the social uses of knowledge, which, as it were, have a life of their own. Because it is conceived in opposition to the "epistemic" conception of ideology, in other words, because it also relies on the duality between the abstract realm of ideas

and concrete realm of material reality, Marx's ontological conception still regards ideology merely as a form of representation without any material existence in itself. Being based on a modernist understanding of epistemology, it fails as an inadequate revision of the concept.³

iv. Moving Beyond The Concept of Ideology: Discursive Hegemony

As such, my critique of modernism is not only aimed at neoclassical economics but also at my initial tool of critique, the Marxian concept of ideology. What is lacking consideration in this concept, to put it crudely, is the "materiality" of ideology itself: The abstract cannot properly represent the concrete as the concrete cannot fully determine the abstract, for this "representation" and "determination" always take place within the biased medium of language. "The ideological use of knowledge" – as conceptual framework for making practical sense of reality – is established within a social discursive context, but not as a simple reflection of the material processes outside it. Discourses are performative, and as such, they have their own irreducible material effectivity – "material" in the sense that they are effective independent of our consciousness of and control over them. Language does not merely represent; it allows thought to

³ Here, I am ignoring Marx's theory of value and his concept of "real abstractions," which can be seen as advancement over his "ontological" conception of ideology. Evaluation of the Marxian value theory in relation to the discursive processes of social evaluation that I propose here is crucial, and will be dealt with in a separate chapter.

flourish along particular pathways as opposed to others, and it furthers its ability to "show" through its exclusions of what cannot be said. Furthermore, the metaphorical nature of language - always meaning both more and less - makes linguistic representation indeterminate, ambiguous and complex. In other words, the linguistic terrain within which knowledge is produced is constitutive of this knowledge and its social uses, and it is not completely reducible to any other material cause outside of it. As the symbolic terrain of any social valuation process, discourses exist in "the space between" pure abstract knowledge and pure concrete reality, and as such, the study of discourse implodes the duality inherent in the concept of ideology. Therefore, the ideological use of knowledge is not an epistemic problem, or as in Marx, a reflection of material forces in thought. As opposed to the modernist view that assigns a neutral role to language's representative abilities - its ability to represent "correspondences" between abstract knowledge and concrete reality - my study of mainstream economic discourse theorizes the space between the abstract and the concrete as a linguistic process with a biased effectivity; it is a reflection on how the systematic implementation of language creates its own objects and its own "problematic" as part of its discourse.

Thus, rather than taking ideology as a purely abstract terrain of misrepresentation that is determined by the purely concrete, in the following pages, I locate the level of discourse as the proper ontological position of what we mean by "ideology." Problematization of the "correspondence" between the concrete and the abstract requires new concepts, categories and philosophical approaches that are foreign to modernism. Consequently, I will argue for the need for a philosophy of discursive hegemony rather than a modernist philosophy of dominance.

Crucially, my argument will differentiate between different levels of concreteness within the terrain of discourse as opposed to an inseparable gap between the abstract and the concrete - that is, it is of utmost importance to realize that a discourse can not only move closer to the abstract and farther from the concrete but also in the opposite direction, and more importantly, that it does so only in a metaphorical sense, that is, within the discursivity of a symbolic terrain. In other words, my thesis will relate the materiality, source and power of an "ideology" neither to its crude determination by "a reality out there" nor to its logical evaluation within the abstract but to its social practice on the level of discursive formations.

Part 1

Economies of Scarcity

1.1. The Neoclassical Abstraction of Scarcity

In *An Essay on The Nature and Significance of Economic Science*, Lionel Robbins gave mainstream economics its widely accepted definition as “the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses” (Robbins 16). This essay captured the logic and the lure of the “subjective theory of value” and contributed to the process that oriented economists to their subject matter along a specific formal path. This path involves the reduction of the “economic” to a form of behavior – the economizing logic of choice – that is assumed to be completely separate and independent from the contexts and applications in which it functions. As such, economics becomes the study of a particular form of economizing behavior – displacing wealth, markets, labor, etc. from its definition (Robbins 16).

Formulation of economics as the study of “human behavior as a relationship between ends and scarce means” identified and catalyzed the intellectual process that culminated in the erasure

of the political element in what was once called political economy (Robbins 18). It carved out the category of "economic substance" (e.g., wealth, labor, markets, etc.) from what to consider as essentially economic, replaced this substance with an emphasis on a specific "form" of economic behavior (i.e., economizing), and relegated any such "substance" to one of its possible applications. Accordingly, what makes a problem economic is no longer in the nature of the objects involved (e.g., money, capital, labor, commodity, etc.) but rather in the nature of the economic aspect to human behavior, that is, the universal form of behavior and the logic of choice referred to here as the relation of scarcity. From this perspective, rational individuals strictly choose according to a subjective cost-benefit analysis of opportunities and behave in a purely economizing fashion. Accordingly, all courses of action can be seen as scarce means to desired ends. If for nothing else then due to limitations of ones time, any given action implies the cost of opportunities forgone and, thus, a tradeoff made between it and other alternatives. Hence, any economic problem logically boils down to a *moment of choice* between alternative courses of action – each of which is a particular way of allocating available means according to the best outcome one can conceivably and reasonably reach with them. Crucially, this separation of form of behavior from its context is presumed to hold throughout the applications of choice theory. However, as we will see, the relation of scarcity is

fundamentally context dependent. That is, what is meant and understood by scarcity arises out of the particular discursive application of the form of choice, which, by itself, is a purely abstract conception. In other words, the particular context in which scarcity gains meaning, intuitively speaking, should reflect on the form of behavior assumed in it. This, however, is not possible given the foundational abstraction of choice theory as a universal form of behavior.

Today, efficient allocation of scarce means to achieve the maximum satisfaction of consistently ordered desired ends is generally accepted among the mainstream economic community to be the definition of economic motivation and behavior. Centrality of this condition is emblazoned in the opening chapters of all mainstream "introduction to economics" textbooks as *the* definition of economics.

The logic of individual utility maximization has become the building block for and a necessary requirement of intelligibility within the neoclassical discourse, and Lionel Robbins's definition and exposition of scarcity is particularly successful in capturing this logic; despite the current emphasis on "preferences" as a purely abstract notion not necessarily referring to any tangible scarcity of resources, Robbins's emphasis on the efficient allocation of scarce resources and his interpretation of this formal approach are still explanatory of neoclassical economic discourse. Almost all theoretical

frameworks in current mainstream economics begin with the utility function – ranging from the representative individual of the “micro-founded” macroeconomic models to the models of strategic interaction in game theory – and an understanding of the concept of scarcity allows us to make sense of the common ground between them. I do not mean to imply that game theoretic and macroeconomic models boil down to mere economizing behavior. On the contrary, the problem we have encountered so far is that choice theory does not provide much insight into individual behavior independent of the particular contexts in which it is used. Surely, to the extent that $U(x) = y$ is used as a foundational element in model-building, x is a scarce resource and $U(x)$ implies economizing on the use of x . But it is the particular theoretical context that provides what x is and what the constraints that determine the nature of x 's scarcity are. Similarly, to the extent that preferences are internally consistent and one chooses in line with these preferences, all choices can be explained as instrumentally rational. Robbins would agree with this description: “But, from the point of view of isolated man, economic analysis is unnecessary. The elements of the problem are given to unaided reflection. Examination of the behaviour of a Crusoe may be immensely illuminating as an aid to more advanced studies. But, from the point of view of Crusoe, it is obviously extra-marginal” (Robbins 18).

It is in part because the form of economizing behavior is empty of any substance that the ever-present relation of scarcity acquires its substance and meaning in the context of each particular model. This is perhaps one reason why the subjective theory of value is foundational for so many fields of economics. For example, it is the discourse of game theory that engenders the strategic aspect in the scarcity relation. In this context, an individual takes into consideration the expected economizing behavior of all the participants in the game. The scarcity relation between means and ends thereby acquires a strategic aspect; it becomes the logical necessity of having to choose one strategy over others depending on what you expect others will do. Moreover, what scarcity means in any such model can always be further characterized by providing complex combinations of contextual references, by giving names to means and actions and to differently valued ends, which, together, narrate a story (e.g., "the battle of the sexes game"), by providing historical or everyday allusions, by empirical application, in reference to economic literature, etc.

What is crucial to note here, however, is that despite its flexibility, in neoclassical economics, the discursive or theoretical context that gives significance to "choosing among alternatives" never contradicts the formalism of the utility function or the logic of the subjective theory of value. On the one hand, this enables me to concentrate here on the implications

of the subjective theory of value in relation to the utility function independent of the particular models in which it is used.⁴ On the other hand, the independence of the form of choice from its discursive context leaves the context-dependency of the meaning of "scarcity" (that is, *what* is being made the most use of) outside of the logic and form of scarcity itself. What enables utility theory to be the starting point for different theoretical trajectories becomes their own limit in incorporating the effectivity of discourse in the formulation of the preference relation, the relations between means and ends, as making the most use of "something" limited.

Robbins's arguments bring a particular clarity and focus to the neoclassical foundations that are already common knowledge among mainstream economists as well as their critics. As such, there is no need to be repeating them here at length. Here, rather than describing this form of behavior summarized by Robbins, I will be tracing the boundaries of his arguments as locations of a faltering suppression, as regions of a resistant and contradictory economic substance that has since Robbins's time haunted the neoclassical attempts at universality. It is not despite but because of the fact that for Robbins scarcity refers

⁴ One might object at this point that models that include expected utility and intertemporal choice give further "context" to the nature of scarcity by changing the form of economizing behavior. But neither non-fundamental uncertainty nor Cartesian time negate the problematic within which I consider the "utility function." My conclusions, if valid, equally apply to all models based on the utility function.

to an easily identifiable objectification that Robbins's essay gives useful evidence for the ways in which neoclassical economists use the abstract relation of an internally consistent preference order to make sense of the effectivity of scarcity. Similarly, we will take some of Robbins' articulations as examples of the modernist attitude of neoclassical economists and as ways in which this attitude results in the interpretation of a preference relation as representing a relation of scarcity. As a result, we will observe that, whenever a choice framework is properly concretized so as to relate to the efficient use of a scarce resource, then this relationship is necessarily studied from a particular perspective, where scarcity is seen to dominate the problem at hand and the subjects active in it; this result holds even if scarcity involves making the most use of something unknown. This is one implicit aspect of the definition of neoclassical economics as the study of the efficient allocation of scarce resources.

At the same time, however, this concretization derives its persuasive force from its metaphorical qualities; it appeals to our intuitive understanding of the importance of a literal interpretation of scarcity, and, uses this appeal to establish the use of the preference relation in its study. Indeed, when we look at the metaphorical qualities of the neoclassical scarcity relation, we find that it is potentially meaningful and useful. Everyday uses of the concept of scarcity appeal to common sense

as intuitively plausible descriptions of the common element across human history – our “human condition.” It brings together in thought the form of reason involved in making the most use out of what one has under natural and social constraints. It is easy to imagine that scarcity forces one to necessarily economize or make the most use when there is, say, food scarcity during a famine, ammunition necessity in a war or medicine shortage during a pandemic. Such examples attest to the significance of the scarcity relationship – for example, how it forces us to devise ways to get more use out of what we have. And the close study of such examples, for example, in economic history, can help find out the various ways in which scarcity exerts its effectivity across different contexts, or whether scarcity always implies a uniform relationship in its intensity and extensiveness.

Indeed, Robbins’s definition of economics is insightful of a certain historical tendency in the ways in which people have increasingly come to reason out the everyday situations they face. Within the expanding domains of industrialization and consumerism, one can see an increasing secularization of ways of thought in the organization of daily life, in the clear analytical categories that one has become accustomed to impose on oneself in terms of, for example, the clear separation of labor from leisure; this form persists despite the common encounter that there is joy in meaningfully productive labor and that the experience of true leisurely pastime requires effort. Similarly,

the analytical form of the calm and calculating cost-benefit analysis – finding value strictly within a self-centered means-ends relationship – that is engendered in capitalist economic relations and sustained in an ever-expanding individualist culture is increasingly being applied, intentionally or not, to non-economic contexts. The presence of this form of reasoning across contexts that were traditionally dominated by other logical forms, such as moral and religious prescriptions on commitment, can be seen to have effect, to take one example, in the gradual decrease in the marriage rates of modern capitalist societies, despite the financial benefits of marriage. One can even argue that throughout the course of the history of capitalism the scope of applicability of the subjective theory of value has been growing wider. But neoclassical economists, including Robbins, do not use the historical existence of the relation of scarcity in support of their logic of choice.

Rather, in neoclassical economics, the form of economizing behavior is strictly independent from the substance it is applied to. This leads to the curious mismatch between the form/substance duality of neoclassical economics and our everyday, introspective and historical observations. There are certain trends in current social relations related, for example, to the process of capital and money accumulation as an end-in-itself. Marxian economics often assumes this internally contradictory process to be the “essence” of capitalism, whereas, within the strictly

mathematical logic of mainstream economics the "essence" of economic relationships is independent of any historical or social process; it is the universal form of choice that is conceived within a moment of logical reduction and that is never internally contradictory. The adoption of the attitude "money for more money" tends to reduce the cultural variation in behavior to the form a of strict cost-benefit analysis. Conversely, it is the use of this form of behavior across different contexts that changes the very substance of these otherwise non-economic terrains of social interaction. Our experience of this two-way relationship between forms of behavior and economic substance as a historical process motivates our interest in the field of economics.

However, for mainstream economics, this process is taken at its presumed logical end-result in which a particular form is assumed to have established universality among other possibilities; and, it is the ahistorical and universal applicability of the abstract concept of "scarcity" as making the most use that rationalizes and justifies this form as generally valid. This is modernist essentialism and reductionism, what I refer to in this dissertation as the effect of the "philosophy of dominance" in mainstream economics.

In the next section, we will consider in detail how the abstraction of an internally consistent preference order requires further levels of concretization in order for it to be seen as working within a relation of scarcity (i.e., in order for a

preference relation not merely refer to "preferences" but to alternatives with opportunity costs to choose from). Suppose I have these ordered preferences: I prefer washing dishes to leaving them dirty, so I wash them. Viewed as a preference order, these preferences do not imply any motivation whatsoever with regard to economizing behavior – my choice is efficient only in the sense that I prefer it. In fact, despite water scarcity, I might still prefer to wash dishes under a running faucet rather than in a bowl of water. Here, although my preferences are consistent, I am not economizing on water but on something else – perhaps, the ease with which I continue to do what I am used to. The logical consistency of my preferences does not guarantee the efficient use of a scarce resource. From the perspective of water scarcity, my preferences are inefficient, but since I don't identify with this perspective, the judgment of irrationality does not apply to me. On the other hand, if there were a drought, it is easy to imagine that I am suddenly much more concerned about saving water and I start washing dishes in a bowl, and even delay dishwashing altogether. Here, it is not only an increase in the intensity of scarcity but also my appreciation of the problem as such that is pivotal. Hence, beginning with an acute problem of scarcity and abstracting from it a set of consistent preferences intent on economizing is on a different methodological plane than beginning with a set of consistent preferences and applying it to all problems of scarcity. Reading

Robbins, at first, we get the impression that the neoclassical method takes this point into account:

...the *validity* of a particular theory is a matter of its logical derivation from the general assumptions which it makes. But its *applicability* to a given situation depends upon the extent to which its concepts actually reflect the forces operating in that situation. Now the concrete manifestations of scarcity are various and changing; and, unless there is continuous check on the words which are used to describe them, there is always a danger that the area of application of a particular principle may be misconceived. The terminology of theory and the terminology of practice, although apparently identical, may, in fact, cover different areas.

(Robbins 116-117)

But how do we actually determine the proper applicability of a preference relation as representing the economizing behavior of an individual faced with "scarcity," her making the most use of "something?"

Robbins explicitly explains this process as a simple checklist of further assumptions that, if satisfied, renders a preference order as representing the efficient allocation of scarce resources:

But when time and the means for achieving ends are limited *and* capable of alternative application, *and* the ends are capable of being distinguished in order of importance, then behaviour necessarily assumes the form of choice. Every act which involves time and scarce means for the achievement of one end involves the relinquishment of their use for the achievement of another. It has an economic aspect.

(Robbins 14)

The level of concretization that Robbins practices here is quite shallow; for example, he does not differentiate between different types of scarce means (e.g., time, actions, relations, goods,

etc.), between different levels of its intensity or refer to various possible attitudes of individuals as they face scarcity. Among these conditions, there is no "continuous check on the words which are used to describe" what is scarce. Instead, there is a set of abstract conditions that guarantees the existence of an economic logic to choice in general. These conditions rely strictly on the concept of opportunity cost, which is already a natural part of the logic of the more abstract preference relation: If one can choose only a single option among many then the outcomes of otherwise possible choices are necessarily forgone opportunities. In this way, the logical necessity of choice conceived by neoclassical economists does not give any insights into how scarcity necessitates a certain option over others; it does not distinguish whether the effectivity of scarcity arises out of a biological necessity, as would be the case in a famine, or a social one, relating to habits and culture.

As we know from our example of water shortage, opportunity cost calculation does not necessarily involve a consideration of scarcity in any meaningful sense of the term; it is not that I prefer to waste water, but my "calculation" of opportunity cost does not fully consider its scarcity, thereby, at best, I am economizing on some unknown scarce factor. Even though my preferences satisfy Robbins's checklist, they are not strictly economic in nature. Thus, there must be a further level of

concretization that interprets the preference relation as a relation of scarcity; either one has to ensure that my calculations of opportunity cost has to reflect a care and concern for water shortage or one needs to figure out what it is that I am economizing on even though there is no scarce object. In this example, at worst, even though I am involved in relations of making use I am not making the most use of anything in particular; it is this possibility that I here consider.

At this juncture, Robbins establishes a further level of concretization of the preference relation so that it has a meaningful scarcity interpretation. He does so simply by announcing the effectivity of scarcity as objectified in tangible means to achieving value, and, crucially, by presuming that the acting subject has this interpretation of the situation as well:

The propositions of economic theory, like all scientific theory, are obviously deductions from a series of postulates. And the chief of these postulates are all assumptions involving in some way simple and indisputable facts of experience relating to the way in which the scarcity of goods which is the subject-matter of our science actually shows itself in the world of reality. The main postulate of the theory of value is the fact that individuals can arrange their preferences in an order, and in fact do so.

(Robbins 78-79)

Hence, the agent is "interpolated" as having already identified with a relation of scarcity, and this is achieved merely by the calling up of a static and exogenously given "scales of valuation." If behavior is to reflect a concern for the efficient

use of scarce means then the scales of valuation over outcomes need to include in them a perception and the appreciation of this relation under consideration. Hence, the naming of the existence of a scarcity relation simply and precisely amounts to the assumption that the preference order has this logic:

The main postulate of the theory of value is the fact that individuals can arrange their preferences in an order, and in fact do so...These are not postulates the existence of whose counterpart in reality admits of extensive dispute once their nature is fully realized. We do not need controlled experiments to establish their validity: they are so much the stuff of our everyday experience that they have only to be stated to be recognized as obvious.

(Robbins 78-79)

In other words, the act of naming refers to the construction of an analogy between the abstract conception of the preference relation and the economizing behavior of an individual faced with scarcity. This analogy is established either through its explicit announcement as an assumption or through the exposition of further arguments that implicitly use it. This metaphorical relationship – how a preference relation is viewed to incorporate a relation of scarcity – partially resolves the indeterminacy of “what language does” in the process of the concretization of the abstraction of preferences; common acceptance of this metaphor as a discursive rule among the mainstream economic community – namely, the use of $U(x) = y$ as representing the form of behavior under scarcity – concretizes the particular interpretation of the scarcity relation in neoclassical economics.

My point that Robbins simply presumes the objectification of the scarcity relation – for example, through the naming of the existence of a scarce object, x – should not be interpreted to be a common practice today; abstraction of the preference conception from the concrete interpretation of scarcity allows today's neoclassical economist to simply evade this issue by leaving it implicit. For example, time may be scarce from an objective point of view, but as long as one does not see it as such or does not care, it is nonsensical to argue that this person's choices reflect the efficient allocation of time as a scarce resource. This obvious point is already taken account of by the subjective theory of value; in the neoclassical tradition, scarcity does not simply refer to the objective constraints on the means to achieving value; these limits are also subjective in the sense that they can only come short in relation to the requirements of ends. That is, scarcity of means is not a property of the means as objects in themselves but a description of the status of these means in relation to desires (Robbins 46). Hence, discursive construction of scarcity cannot simply refer to the naming of a scarce object but also to a relation between the object and its use as subjectively evaluated from the perspective of the user. In other words, in the scarcity relation of neoclassical economics, the agent economizes because she perceives the means as scarce, and the scarcity of means is guaranteed by a lack of satisfaction of needs and desires. My

point is, the objectification of scarcity in preferences is not merely a recognition of an object as scarce but the recognition of its scarcity in relation to the use-values I desire; consequently, even though the current emphasis on "preferences" allows for the possibility that value is derived from making use of something intangible, there is still the presumption of making the most use of this unidentified scarce resource.

For example, the claim that there is a scarcity or shortage of energy resources implies that we need more energy than there is available; thus, one cannot begin with scarcity as the property of an empirical given, but at best, as an objective evaluation of the relationship between it and the ends it may serve – as an evaluation of a situation. To the extent that ends remain unsatisfied the means to these ends remain scarce. Though neoclassical economists "resolve" this problem by relating "preferences" to "individual subjectivity" it is also the social and circumstantial use-value of means that constitute "scarcity." One might object that energy scarcity – if expedient – may force one to many different kinds of behavior: We can, for example, try to produce more energy. Or, we can try to devise alternative energy resources; we can reformulate our ends to have more realistic energy demands; though unjust, it may even be possible to claim others' energy resources as our own. Likewise, we can try to get the most use out of our limited energy supplies. The objection that it is only this last possibility that the

subjective theory of value isolates as relating to economic behavior would be wrong. Economic behavior, as described by Robbins and studied within neoclassical economics, is assumed to be independent of the particular situation it considers and universal in the form it assumes in facing scarcity. Accordingly, we can compare these alternative courses of action and choose the most preferable. The neoclassical formulation seems to have an airtight logic: If the universal human trait is "reason applied to human interests" then it cannot both be the case that these interests are not pursued to their fullest extent and that this is rational. Thus, even if, rather than simply making the most out of what we already have, we tried to produce more or demand less of the scarce good the form of the cost-benefit analysis would carry over to these activities as well; one is still making the most use of "something."

I do not intend to vilify the positive contents of this definition or its insights: It is the excessive reductionism of this definition and the negative side effects that have necessarily followed from it that I find problematic. The subjective theory of value captures the logic of something real that goes on in relation to the intentionality of behavior, and there is much to learn from this endeavor about the effects of scarcity on behavior. One should not forget, however, that neoclassical models can relate to real economic activity only if this form of behavior can reasonably be assumed to be in place in

actuality, that is, only if one is actually making the most use of her means. The assumption that the preference relation represents economizing behavior in reaction to scarcity maintains the purity of the mathematical form of the logic of choice in spite of the actual complexities of the scarcity relation. Robbins achieves this purity through the imposition of a modernist will to find law-like regularities in individual behavior. He does so by simply declaring this metaphor as universally valid and by making arguments in support of this universality despite his acknowledgment of its limits. As Robbins first concedes and then forgets, the applicability of logical deductions depends, in part, on the legitimacy of the initial assumptions. As I will be arguing, it also depends on the proper concretization of the abstraction of a preference order as regarding a problem of scarcity. The problem is that even though individual neoclassical theorists caution against the wholesale reduction of the economic to the moment of choice and try to account for the fact that the universal form of economizing behavior is only circumstantially valid by incorporating these circumstances into "preferences," these reservations are only partially reflected in theoretical formulations. Robbins's attitude, despite the time passed since his writings, is commonplace in neoclassical theorizing. For example, at various places in his essay Robbins clearly acknowledges the uncertain

validity of the founding assumptions as well as the impossibility of a universally valid theory:

Only close study of the facts is likely to reveal which assumptions are most likely to have a counterpart in reality, which assumptions, therefore, it is most convenient to make...and any attempt to interpret reality solely in terms of such a theory must necessarily leave a residue of phenomena not capable of being subsumed under its generalizations.

(Robbins 119)

It has been shown that if there were not a hierarchy of ends, but if the different ends were all of equal importance, the results of conduct would be quite indeterminate, and even the most elementary generalizations of the theory of value would not be applicable. There is no guarantee that this will not happen. It is only a matter of probability that the conditions making such propositions applicable will persist...

(Robbins 110)

However, he undermines and even contradicts these statements either in the same paragraph or a few pages later:

...the fact that we can arrange our preferences in an order is a fact of so much greater a degree of generality than the actual momentary order of preference of any individual that we are surely justified in regarding them as possessing, in our universe of discourse at least, a difference of status.

(Robbins 111)

But it is experience of so wide a degree of generality as to place them in quite a different class from the more properly designated historico-relative assumptions. No one will really question the universal applicability of such assumption as the existence of scales of relative valuation...

(Robbins 80-81)

These statements are evidence that modernism is not limited to the mathematical logic of the neoclassical theoretical foundations; it also resides in the ways in which such

abstractions are used in more concrete and practical discourses, that is, in the practice of knowledge. As such, modernism is also a cultural phenomenon that appears in the attitudes, intentions and rhetoric behind seemingly pure logical statements. The problem is, like Robbins, many neoclassical economists align themselves with a modernist attitude – a yearning for certainty, determinism and universality – from which, the form of economizing behavior seems to correspond to the shape of an actually and universally existing relation. As such, form of the theory of the individual is presumed to correspond to the actual forms of decision-making. In this process of the discursive establishment of the dominance of scarcity any obvious contradictions are first acknowledged and then simply sidestepped. Robbins argues, for example, “It *might* be the case that valuations were of such a peculiar nature that conduct was indeterminate. But it is so overwhelmingly unlikely that we are warranted in neglecting the possibility” (Robbins 111). Again, the specific ways in which such arguments are devised may differ across different neoclassical models. But the crucial point to note is that the theoretical construction of scarcity’s dominance is not a direct reflection on historical, economic or even logical necessity – it is also the result of the imposition of a will.

Modernism enables Robbins to forget that the mathematical foundation that constructs choice as a logical necessity can only

have a metaphorical relation to actual behavior of making use. Establishing meaningful and useful connections between separate discursive constructs is one of the foremost uses of metaphor. And to the extent that such a metaphor is appropriate it can usefully shed light on economic phenomena. Hence, that the preference relation is used metaphorically does not make it any less scientific. However, seeing the utility function as a metaphor would be a constant reminder that neoclassical economics is only one way of thinking about the relation of scarcity – a partial understanding that is valid under particular discursive circumstances. Unlike modernism, from this perspective, a theoretically established logical necessity does not guarantee the metaphorical qualities of being applicable, meaningful or useful.

The “identity” of mainstream economics that we referred to above – what the diverse fields of mainstream economics have in common beyond their difference – is this universalizing logic of “economizing under scarcity.” And what makes this identity specifically neoclassical is the formal representation of this logic in terms of the axiomatic rational choice framework: A common foundation – most often established through the short-cut of the “utility function” – shared by, among others, the theory of consumer choice, general equilibrium theory, game theory, micro-founded macroeconomics as well as various fields of applied economics such as labor economics, development economics and

environmental economics. Even in the separate theoretical framework of applied econometrics – an alternative tool in mainstream economics to study any question as an “economic” relation – the connection between correlation and causation is often made with reference to a hypothetical utility function that justifies the economic logic behind the statistical relationship. In other words, axiomatic choice framework is the foundational core of mainstream economic discourse that carries itself over into its subdivisions.

Since this part of the dissertation will argue that the neoclassical choice framework is based on “a modernist philosophy of dominance,” it should be noted at the outset that by “dominance” I do not mean to imply that neoclassical ideas have an uncontested reign within economics. Aside from its differences from “heterodox” approaches, mainstream economics is heterogeneous in itself. The discipline of economics is certainly is far from the orderly discourse implied by today’s average introduction to microeconomics textbook, and it can be studied as having a plurality of discourses that coexist in complex ways. For theoretical purposes, however, this dissertation takes the “subjective theory of value” and its formalization within the neoclassical framework of the “axiomatic choice theory” as the location of modernism in current mainstream economic discourse. Provisionally, I concentrate on one possible “identity” of the discipline of mainstream economics and temporarily abstract from

the irreducible differences of its various discourses. Thus, I use the word identity only metaphorically: Mainstream economic discourse has a plurality of ordering notions, such as "economy," "equilibrium," "markets," "efficiency," etc. After all, the "relation of scarcity" is only one such notion.

Nevertheless, mainstream economic discourse has common rules and regulations that derive their validity distinctly from the "subjective theory of value" on the textual and from the "utility function" on the formal level. The discursive interrelation of the two helps to sustain the hegemony of a certain way of thinking about the economic by imposing a particular conception of value and individual choice in the context of scarcity. This conception is based on a modernist "philosophy of dominance" in which, by presumption, a particular economic logic, the logic of the expediency of scarcity, dominates all choice problems. The assumption of an internally consistent preference order and the presumption that this order fully determines individual behavior establishes a discourse with "scarcity in total dominance."

The limit of economic theories based scarcity's dominance is the inability to contemplate the economic implications of behavior that deviate from these assumptions other than as mere mistakes in individual instrumental rationality. For example, as I discuss in the following pages of this dissertation, the foundational and yet implicit assumptions of neoclassical

economics provided by the "utility function" invalidate from the outset the concepts of hegemony and surplus as well as the possibility of studying economic reality and knowledge as a social discursive process of valuation.

1.2. The Concretization of Abstractions

In this process of mainstream economic knowledge production, it is not the analytical abstraction from actual individual entities per se (i.e., that the abstract individual agent is defined by a pre-given preference order that fully motivates its behavior) that I find problematic. Abstraction, despite its theoretical pitfalls, is a necessary component of thinking about social reality. Rather, the problem is the "reverse" process of "concretization" of these abstractions, their retrospective and often implicit reference to more concrete entities in applied discursive contexts that limits our understanding of the valuation processes that the actual individual finds herself in.

Concretization of abstraction, as a first approximation, is the process in which theory in the abstract shapes other, more concrete, discourses after its own image. This is related to the definition of "ideology" that I proposed in the introduction as the use of an already established knowledge within a more concrete context without paying attention to the implicit discursive limits brought on by this knowledge. Similarly, the concretization of the formal abstraction of choice theory – its

use as a foundation for more concrete economic models and arguments – is “ideological” to the extent that one does not take into account the implicit order brought on by this discursive move. However, I am not interested in separating the particular instances of the ideological use of neoclassical economic theory from its proper or “scientific” use; such a separation may not even be possible, as the ideological use of knowledge does not necessarily imply that the knowledge is nonscientific. Instead, I try to give a general description of the constrained ways in which the use of choice theory in more concrete discourses may go unnoticed. Even though the foundations of neoclassical economics are used to give shape to a plethora of more concrete mainstream economic discourses, the nature of the concretization of neoclassical abstractions is never studied – such a concern is absent from the theoretical structure and its interpretation. Consequently, concretization occurs only implicitly, as the labor of the negative. This part of the dissertation tries to open up for discussion this untheorized space: The implicit labor of modernist abstraction\concretization has implications not only for how economics studies what it studies but also what it cannot study.⁵ This is not a problem of abstraction in isolation, therefore, not a problem with theoretical mainstream economic knowledge as a logical construction, but a problem of the

⁵ And perhaps more importantly for our purposes, how it cannot study what it cannot study.

avoidance of the discussion of its concretization that is due to the lack of a certain type of self-reflection. One should not expect the present methodological critique to completely fill this gap; this dissertation merely traces certain portions of this absence as an aid to formulate an alternative approach to think about value.

Economic arguments based on the "maximization of a utility function" – that is, arguments built on the set of explicit assumptions that imply the satisfaction of a preference order – come with three implicit assumptions that act as discursive limits to making sense of more concrete choice problems. As I argued in the introduction above, it is the nature of the social uses to which knowledge is put that render it "ideological." As such, the ideological aspect of neoclassical economics is not to be found in its explicit and completely abstract logical formulations that are perfectly internally consistent but rather lies hidden in these implicit assumptions whose biased effectivity on the use value of economic knowledge can only be traced in more concrete discursive contexts. "The utility function" regulates the discourses that it is used in as a foundational element, and, allows for the observation of a certain "regularity in dispersion" in these discourses that it

forms.⁶ It is some of these regularities that aren't accounted for that I here expose.

As one moves from the purely abstract discourse of the explicit assumptions that define the individual in neoclassical economics to the use of this definition as a foundational element in more concrete discourses (e.g., the use of "utility maximization" to build models of game theory, consumer choice, macroeconomics, etc.), the following set of implicit assumptions necessarily accompanies these neoclassical abstractions as constraints on the use of knowledge: (1) As opposed to the varying levels of effectivity of scarcity across different economic problems, whenever a utility function is used, the scarcity relation is implicitly assumed to always be in "total dominance" in the determination of behavior. From this perspective, one can only expect the individual to fully take advantage of all opportunities for the achievement of value, regardless of the expediency of the scarcity relation within the particular social and historical context. (2) In neoclassical theory of choice, the subjective evaluation of an outcome by an individual is thought to be based on an objective conception of

⁶ "Regularities in dispersion," as I elaborate in the second part of this dissertation, refers to Michel Foucault's description of discursive "order" in his *The Archeology of Knowledge*: "Whenever one can describe, between a number of statements, such a system of dispersion, whenever, between objects, types of statement, concepts, or thematic choices, one can define a regularity (an order, correlations, positions and functionings, transformations), we will say, for the sake of convenience, that we are dealing with a *discursive formation*" (Foucault, 38).

this outcome. That is, the individual is always able to see through the different descriptive readings of the "same" outcome an objectively true account. In this way, the implicit assumption of "description invariance" abstracts from the biased effectivity of language in the actual processes of making sense of a problem.⁷ It concretizes the theoretical individual as completely immune to the effectivity of discourse and its role in the motivation and persuasion of the individual. (3) Within a given problematic, even in "simple" choice problems like ordering dinner at a restaurant, one often finds herself amidst an irreducible, or in other words, internal conflict of interests (e.g., Should I eat healthy, what is good for my body, or should I eat what I desire, what is good for me?). Similarly, the values that would be achieved and the interests that would be served by a particular outcome are often unclear throughout the actual processes of making sense of an economic problem. The implicit assumption of "the transparency of interests" concretizes the neoclassical individual as completely absolved from these problems; she is apolitical in character, completely at peace with herself, and totally independent of the surrounding socioeconomic conflicts. The relationship between value and

⁷ Definition of "description invariance" as the assumption that "different representations of the same choice problem should yield the same preference" is discussed by Amos Tversky and Daniel Kahneman in their article "Rational Choice and the Framing of Decisions" (Tversky and Kahneman).

interest, hence, any individual choice problem, is presumed to be trivially obvious.

Crucially, the concretization of these neoclassical abstractions – what they refer to and how they are interpreted – is left implicit. In part, they are logically implied by explicit assumptions. But more importantly, they are supported and maintained by the shared presumptions, or in other words, the culture of modernism that guide the everyday discourses of neoclassical economists. Even though these implicit assumptions about the “concrete individual” are not part of the explicit theoretical structure itself, they are metaphorically and performatively effective in the ways mainstream economics makes sense of social relations.

Mainstream economic discourse does not simply relate a purely abstract essence conceived in thought to its appearances in material reality, rather, it constructs a discursive realm in which these two sides of the modernist duality are seen to “correspond.” In other words, the production of economic knowledge does not merely involve a “gap” between abstract thought and a concrete reality that is then scientifically connected, instead, there are varying levels of concreteness of discourses ranging from the more abstract to the more concrete, while never being identical to pure concrete reality or pure abstraction. The completely abstract would be sufficient onto itself, and as such, would not include a trace of the concrete –

not even a word. The concrete, on the other hand, does not simply and directly refer to the concreteness of a reality out there, for example, to the concreteness of "this table that is in front of me." Whenever I try to grasp the concrete as such, I find myself within a relation of symbols. Hence, concrete is a practical discursive construction that uses already established abstractions to create a pragmatic relation with reality. Within such symbolic formations, there are movements from a discursively established concreteness towards greater levels of abstractions, and vice versa. It is easy to observe this two-way movement in the everyday conversations we engage in – for example, when we describe to our friends an event we have experienced, as a rather concrete discourse, and then evaluate it by relating it to the more abstract concepts of rights, justice, good, etc. Of course, independent of the particularities of what had happened and how I have understood and articulated this everyday experience, it is nearly impossible to talk about the discursive regularities in the relationship between the context that I describe and the abstractions that I derive from it or use within it. On the other hand, in mainstream economic discourses, to the extent that they are already established, we can identify at least some regularity in the relationship between the abstract and the concrete. Here, the two-way relationship between the abstract and the concrete often assumes a particular form: Neoclassical choice theory is a result of a severe form of abstraction from the concrete contexts

in which choices are made, then, this abstract relation is used within a variety of more concrete contexts – as theoretical constructions, their applications and interpretations or as their use in the formation of textbooks, beliefs and ways of formulating questions, etc.

Since we are here concerned here with the complex question of the practice of knowledge, we should be careful as to what we mean by this. The practice of knowledge involves a movement from the abstract to the concrete, but this movement does not merely involve a relationship between thought and reality. Of course, when a plan is put into action, the idea of the plan, through intentionality, causally relates to the concrete outcome: The idea of the plan explains the idea of the outcome of the plan. The other side of practicing the abstract can be seen as political engagement towards an outcome, not directly through the idea (e.g., human rights) as cause (for rights are won by political organization, strategy, etc.) but as the ideal reading of the outcome: Here, the idea of the goal explains the idea of the outcome. I am not interested in either of these matters of practice where the relationship of the practice of knowledge is visualized as being between abstract in thought and concrete reality. Rather, my point is, whenever this practical relationship between the abstract and the concrete is observed, it is viewed within a discourse that attempts to represent concrete reality, abstractions as well as their relation in

thought; whether abstract or concrete, knowledge stays within a discursive realm. Therefore, the relationship of the use-value of knowledge is not merely established in a material reality out there or within a purely abstract space "neither here or there" but in its use within a more concrete discourse. It is this aspect of the practice of knowledge – namely, the production of knowledge through its practice – that I consider here.

Use value of knowledge is not limited to an epistemological connection between thought and reality; it also includes a movement from abstract to concrete discourses through the use of language – what I call the concretization of abstractions. It is indeed very hard to think of a completely abstract concept, for thinking of a concept can only be established within language, and languages are usually quite pragmatic in the way they relate to reality through concrete discourses. At first, the language of math that neoclassical foundations rely on seems like an exception. As a self-reliant and internally coherent logical system at the highest level of abstraction, mainstream economists view mathematics as a language that can hold the "truth." This possibility is then reduced to the practice where it is simply assumed that the abstract relationships of math, as long as they are consistent within themselves, truthfully represent actual social relationships.

Some readers may object at this point, saying that, "1+1" is obviously equal to "2," independent of its relation to

reality. Of course, truth of the mathematical statement "1+1=2" cannot be denied. But I would add that this statement comes with the implicit assumption of the universal existence in thought of two independent entities. When viewed in itself, as having no practical relation to anything existing, it is a completely abstract yet absolutely true statement. Nevertheless, our understanding of this statement as meaningful requires the visualization of "putting two separate objects together;" that is, it requires the use of the abstract relation in a more concrete symbolic context (e.g., 1 apple + 1 apple = 2 apples). In other words, the language of math, as an internally coherent logical relation, may at first seem completely neutral in the way it can relate an abstract concept to things more concrete and completely secure in the way it can carry over its internal validity into these more concrete discourses. This, however, is false: Use-value of abstract knowledge is always established within the more concrete context in which language is used practically, that is, metaphorically and performatively – in this case, performing the image of two apples being put side by side. Similarly, the metaphorical relationship between a mathematical function and an individual's tastes cannot so easily be contained across the varying contexts it is put in use. On the one hand, the statement "1+1=2" is no longer so obvious if the particular concretization we have in mind is "1 apple + 1 banana = 2 oranges." In this way, a mathematical statement can easily

concretize in a manner that simply makes no sense – an argument is not made secure by being founded on an abstract mathematical truth. It is the particularly improper context established by the words “apple, banana and oranges” that empties the mathematical form from any insight into our understanding of reality, and in so doing, invalidating its use. On the other hand, the abstract relation of “ $1+1=2$ ” can concretize in thought in a convincing manner, for example, when it is used to make the statement that “1 apple + 1 apple = 2 apples.” One should note that even in this meaningful statement it is not merely the mathematical truth of “ $1+1=2$ ” but also the proper metaphorical use of the word “apple” within the discursive description of a relation that render the statement seem so obvious. Thus, part of the problem with the neoclassical foundations of mainstream economics, as with any theory of social relations, is the sheer difficulty of making proper use of logical relationships within more concrete discursive contexts. In general, discursive interactions between abstractions and their concretization are considerably more complex than my example of the concretization of a simple mathematical statement.

What makes the problem worse for neoclassical economics, and in my definition, ideological, is the avoidance of the study of this relationship where the language of math combines with our everyday languages to create more concrete discursive contexts. Many neoclassical theorists argue that because the foundations of

choice theory don't refer to anything concrete out there, other than the "trivially obvious" intuition behind its assumptions, because it rather relies on the validity of mathematical relationships, it cannot be judged by how unrealistic it is. Consider, for example, the construction of the hypothetical "consumer" in consumer theory as a purely logical relation in the abstract language of math. Although a common conception among sophisticated theorists, it is hardly convincing to assume that one is working at a level of abstraction akin to pure math where one is at the same time referring to the concrete activity of consumption and to the everyday persona of the consumer. As soon as the word "consumer" is attached to a purely logical relation – however shallow – a more concrete discursive context is established, and the validity of the logical relationship becomes no longer limited to its internal consistency but also to its use in this concretization. Here, the move is homological to that from the statement "1+1=2" to that of "1 apple + 1 apple = 2 apples."

In the use of choice theory as a foundation of economic models, these processes of concretization are not a simple result of a single word or an easily traceable movement from an abstract discourse to a more concrete one. This two-way relationship between the abstract and the concrete is always in movement in the different models choice theory is used in and in the variety of their applications. In this sense, unlike its internal

valuation, the appropriate use of a logical relationship – the evaluation of a concretization – does not revolve around the clear-cut distinction between true and false. For example, when viewed within its own discursive borders, the statement “1 apple + 1 apple = 2 apples” may be true in the proper way it concretizes. But suppose the context in which this statement is uttered was a bit more concrete: Imagine we were told, “Look at those two apples,” and, expecting to see just that, we spot them hanging from a tree. Strictly speaking, these are not two separate objects but parts of a whole tree. Again, grouping of the two apples is only pragmatically true within the particular discourse it is used in, in the way it establishes a coherent conversation between two people in relation with the reality out there. Here, what makes the statement of “two apples” properly concrete is the discursive relation in which the abstraction of “two separate objects of the same kind” is used properly, even though, strictly speaking, it is not true. I find this example important in the way it brings out the possibly successful use of an abstraction in a concrete context despite a logical contradiction. Concretization of the concept of “two independent objects” comes with its inherent limit of not being able to see the apples as part of the tree, and as such, as parts of each other. Nevertheless, the statement can be accepted as useful and accurate.

However, an "ideological" use of knowledge would take place if this statement were used to deny – through the implicit assumptions or universal relations established in its discourse – that the two apples, through the relation of the tree, are actually parts of each other. Similarly, in neoclassical economics, the three implicit assumptions that are validated in the abstract form of choice theory go on to impose themselves on the more concrete theoretical discourses that they build. As such, the claim to universality is within the very nature of abstraction, and if used as the formal foundations of a theory, this claim shows its effects in the more concrete language of its theoretical discourse. The problem is considering an abstraction only in its initial movement from a subjective perspective to a more general or universal one but not taking note of the more elusive movement of an abstraction back into a particular position, where its value is utilized. Hence, neoclassical foundations have a certain rhetorical authority simply due the fact that they are evaluated only as abstractions, as pure logical constructions, as relations consistent within themselves. Such an idealist conception of abstraction – that is, ignoring its possibly problematic complement of concretization – turns into perfectionism in the practice of a theory, and, on an institutional level, this practice may become an attempt at purification. Even in the context of the use of choice theory in the formulation of a utility function, in the relatively

homogenous way in which this theory orders theoretical discourses, concretization of the abstraction of "choosing among preferences" is neither philosophically nor practically simple to understand and control. But, to begin with, it is an important result of the argument above that concretization is not a movement from the abstract level to material reality. Rather, it involves the metaphorical and performative effects of an abstract discourse within a larger and less abstract one.

Through these relatively simple examples we have seen the problematic nature of the concretization of abstractions. Of course, concretization of choice theory, our object of criticism, is established within the large variety of the discourses of mainstream economics, and thus, evaluating how "proper" or "persuasive" this concretization is in general is a very complex issue. However, one can begin to understand at least some aspects of this complexity in the various regularities that can be identified in it. It is some of these regularities in the dispersion of particular forms of concretizations across neoclassical discourses that I here consider.

The first thing to note about these regularities within this otherwise chaotic discursive dispersion is that the "relation of scarcity" that all choice problems are thought to be based on is strictly context-dependent. As we have seen, when we take choice theory in its most general and abstract, as the existence of a preference order that determines choice, the

relation of scarcity does not have any substantive meaning; relation of scarcity, what is being the most use of, acquires its meaning in its particular context. But one can easily imagine examples where, even though there is a relation of making use, there is no "something" that is being made the most use of.

Consider a set of consistent preferences that can be described as belonging to somebody lazy – call him lazy A – who prefers to waste his time (Say, he prefers to do nothing for n hours to doing nothing for $n-1$ hours) even though he doesn't like the fact that he does. He would rather not be lazy but, since he is lazy and it is not an option not to be, he would rather waste more time than not. Now, as long as lazy A chooses according to his preferences, his choice is efficient – it is the choice with the least opportunity cost in terms of wasting time. But in this case, the efficient outcome simply involves efficiently wasting one's limited time. In other words, in this example, even though lazy A's preferences can be represented by a utility function, the use of such a function cannot lead to a study of the efficient use of a scarce resource in any meaningful use of the term, even for lazy A. Or imagine lazy B, who simply prefers to do less opportunity cost calculations to doing more. She, like lazy A, doesn't like being lazy, but it is not an option not to be. Among the very few choices she considers, she prefers to use her time as efficiently as she can and she does so. Here, even though lazy B's preferences over the outcomes she considers are

consistent, and her choice efficient, again, the corresponding utility function does not properly reflect the efficient use of lazy B's time, even for her. It is thus important to realize that the scarcity relation that has come to define mainstream economics at large – as the study of the efficient allocation of scarce resources – is constituted, not within the framework of choice theory itself, but in the discursive relation of this framework in more concrete contexts. In other words, the relation of scarcity is established through the particular concretization of an abstract form. Specifically, dominance of scarcity is not established by the mere existence of a scarce object and its relation to the preferences of an individual. What solves the logical inconsistency in the examples of lazy A and B is the objectification of the scarcity relation in preferences and their identification by individuals as such. If there is no such identification with a relation of scarcity the presumption that one is making the most use out of "something" may be severely misleading.

1.3. Non-foundational "Criticism" of Neoclassical Economics

Critics of mainstream economics see separate problems with its methodological individualism (how it explains social outcomes as a combined result of individuals' independent behavior under given constraints), its consequentialist logic of choice (how individual behavior is viewed as reducible to the intentional choices within a logical relationship between available means and

preferences over outcomes), its conception of rationality (defined as the instrumental success of an individual in making use of the relationship between means and ends) and its notion of equilibrium (where economic models are theorized as a balance of forces). Although I am in agreement with a variety of such critiques in their specificity, my argument against neoclassical economics work at a level that relates to all these aspects yet is different than any one in particular. This is because, instead of considering neoclassical economics at the level of the economic models it builds, that is, rather than beginning with these models as theoretical totalities with these particular problems, I evaluate the foundational element of choice theory common to all of these neoclassical totalities. A general equilibrium model as a logical totality, it is true, is based on a philosophy of methodological individualism, a consequentialist logic of choice and an imposition of the notion of equilibrium. But so are the theory of games of conflict, models of consumer choice, macroeconomic models of the representative individual, etc. Instead of beginning with these different aspects of criticism as being applicable to these different logical totalities – thereby defining “what neoclassical economics is” as a result of methodological criticism – I begin with their explicit common foundation, choice theory, and evaluate the role of this formal foundation in achieving these problematic aspects across different theoretical totalities – in other words, I take

neoclassical economics at its self-identified definition and evaluate it critically.

My approach to the critique of modernism in mainstream economic discourse involves a study of the common theoretical foundations of the current discursive practices of economic knowledge production. Here, I do not consider the institutional dimensions of this discourse – e.g., the sustenance of its hegemony through department politics, rules of publishing, particular settings of interaction such as seminars and conferences, etc. Neither do I limit the effectivity of language to the level of “rhetoric” – as famously done by Deirdre McCloskey – that is, to the employment of linguistic strategies by an individual to make knowledge more persuasive.⁸ In these critiques, the underlying philosophy of mainstream economic discourse is often acknowledged and criticized as being monological, and rightly so.⁹ However, these important warnings seem to be limited to the extra-theoretical institutional features of mainstream economics, such as the teaching and interpretation of its theory. Likewise, as I see it, the constitutive effectivity of a discourse cannot be reduced to the linguistic choices of a skilful rhetorician. In other words, its origins do not merely lie in how something is said but also what

⁸ See McCloskey (1985).

⁹ See, for example, the groundbreaking undergraduate economics textbook by Klamer, McCloskey and Ziliak (2010).

cannot be thought. Unlike the role of modernism in neoclassical theory in the abstract, in its rhetorical strategies or in its institutional habits, that is, rather than modernism as known and practiced by economists, I concentrate here on what cannot be thought by neoclassical arguments – I consider its “social unconscious.”

In addition to the various critiques of neoclassical economics and many alternative schools of thought and approaches, the neoclassical conception of *homo economicus* – the self-serving individual who uses her instrumental rationality to satisfy a set of consistent and exogenous preferences – is perhaps becoming less satisfactory as an assumption to neoclassical economists themselves. Nowadays, non-selfish cooperation and reciprocity are frequently evidenced – and even acknowledged in mainstream journals – to be the everyday of economic behavior rather than mistaken deviations from the norm of self-centered rationality. This new emphasis on the endogeneity of preferences is expanding the range of neoclassical explanations with new utility functions that depend on the form of interaction in a model or on other agents’ expectations; one can even argue that in this sense neoclassical markets no longer simply allocate goods and services but also influence people’s preferences, beliefs and decision-making procedures (Bowles 88). Likewise, “identity” is now being recognized as an economically significant concept by neoclassical economics, but once again, leading to a modified utility function

(Akerlof and Kranton). Nevertheless, because these new developments tend to result in the maximization of a revised utility function, the neoclassical logic of choice that I interpret here in the most general way possible, as the dominance of the scarcity relation, still applies.

There is another – more promising – response from within the mainstream economic community: The new “behavioral” approach to economics is trying to conceive a more realistic view of the economic individual by crossing disciplinary boundaries, by relying on new empirical evidence from laboratory and field research and by introducing foreign notions such as “framing effects” that stand in stark contrast to the once hegemonic expected utility theory. One can perhaps see the recent conversations of economists as reflecting a renewed search for another “economic man.” But again, these developments, by and large, do not interfere with the foundational logic of choice theory. Behavioral economics can perhaps be seen as an attempt of independence from the foundations of neoclassical economics since the former formulates the choice problem as a purely logical and abstract one whereas the latter involves a study of the inherent cognitive disabilities of real human beings that may influence this logic. However, in these efforts, the utility function still has undeniable presence either as a conceptual ideal against which actual behavior is measured or as a framework for new functions that can take account of behavioral “anomalies.” These

may be critical developments but they are not foundational critiques.

1.4. Foundational Critique and the Limits of Modernism

As opposed to these new critical approaches to choice from within the neoclassical tradition, this chapter involves a foundational critique of the neoclassical logic of rational behavior and theory of value. Rather than formulating utility functions that can better take account of our inherent cognitive biases – as does behavioral economics – I focus on the formal foundations common to all such “utility functions” and describe their shared inherent limits. The purpose of this critique – only to be fully conceptualized in the following chapter – is to deconstruct the neoclassical theory of choice in order to assemble an alternative theoretical space in the proximity of this formal foundation without being dominated by its logic. Ultimately, I am after a flexible theoretical framework that can be used to make sense of social processes of valuation at work across different “discursive fields.”

In entering the dangerous waters of foundational critique one must be cautious. It is crucial to note from the outset that, despite its ubiquity, modernism in economics has no specific origin – a spatial location such as a particular theory, concept or assumption. Modernism is, first of all, a cultural issue; It does not reside in theory independent of its practice. Indeed, modernism becomes most visible in the intersection of academic

practices and theory, embodied in the attitudes, motivations and expectations of the economist. Ignoring this would amount to repeating the same modernist mistake of essentializing (i.e., reducing to a presumed essence) what is fundamentally a complex social phenomenon.

The critique of economic modernism is often directed at the essentializing moves within its "theory of knowledge." But epistemology is a code word for scientific culture; application of a theory of knowledge requires a particular metaphysics shared by a scientific community, constituting a habitual set of presumptions and expectations about what social reality, in general, is like. It has no specific spatial location. Consequently, modernism permeates into the entirety of economic knowledge production. Prior to a method, a theory or even an explicitly stated epistemology, modernism resides in the metaphysical attitudes towards social reality. In other words, practice of a particular theory of knowledge is already inscribed within a more general terrain of ontological content that implicitly and naturally constrains this epistemology. One cannot, therefore, isolate the effects of modernism within the epistemology of neoclassical economics. We can only expect fragmented and incomplete results from our critical evaluation, in part, because ontology and epistemology are not separable in practice, and while this constrains our critique of modernism, it is also one of its main results.

What makes any attempt at critique even more difficult – other than the complexity of the ways in which modernism functions in economic discourse – is the way modernism sustains its foundational effectivity without explicitly appearing as such. Hence, we are further warned that the conditions that establish knowledge as “scientific” is not only a matter of what economists explicitly do, but perhaps more importantly, a matter of the implicit assumptions that go unnoticed – for they seem so natural. For example, most innocently, modernism disguises itself within the motivational question behind the quest for knowledge, as the reason behind our curiosity: What is the logic behind the social order – its essence? The answer, whatever it might be, is motivated by the question. Modernism, among other things, is the presumption that social reality is ordered and that this order has a unique rational explanation that corresponds to the essence of its order; “truth” amounts to the discursive formation of this “correspondence” between the real and the rational. Such assumptions are hardly ever explicitly stated; they only show their trace implicitly, as it were, in between the lines, as the presence of absence. Crucially, these assumptions not only determine what economists study but also how they study it, and, furthermore, how this determines what they cannot study. In this sense, my argument is a reformulated demonstration of the postmodern wisdom that knowledge is dependent on the way of knowing. My reformulation is based on the observation that the

difficulty of criticism is not only in the complex effectivity of epistemic culture but also in the fact that some important elements of this complexity necessarily remain in the "unconscious," the metaphysical attitude or in the implicit ontology of the discipline.

Thus far, we have located the ontological position of ideology in the use of already established knowledge within the formation of a discourse, that is, within a social linguistic terrain that understands a problematic through the construction of the conceptual means of making sense of it. One should note, however, that a study of the rules and regulations of a discourse does not come with a distinct procedure or a predetermined method; discursive formations have no necessary formal or substantive commonality. In general, "the discursive order" within a linguistic terrain, as a blueprint of what can and cannot be said, is achieved, if at all, as a complex combination of symbolic relations that seem to be chaotically dispersed across the discursive terrain. Since discursive formations have no a priori form or content in common, we cannot closely follow already established studies of discursive formations as a roadmap to ours. When considering mainstream economic discourses, on the other hand, our analysis is guided by the fact that the theoretical order brought by "the maximization of a utility function" on the level of mainstream economic arguments allows a certain "regularity in dispersion" (Foucault). Hence, in the

ideological use of neoclassical knowledge we can isolate a specific mechanism: How theoretical foundations order the discourses that they sustain.

This discursive order within mainstream economics - to be more precise, the "master signifier" that pushes economic discourses towards a particular kind of theoretical ordering - originates from the complex interaction of the ambition, on the one hand, to explain all economic activity based on a unitary theoretical foundation and the capacity, on the other, of this formal framework to consider any "substance" or content within its purview as a relation of scarcity, and thus, as an economic relation. In other words, the commonality of mainstream economic arguments relates to the discursive coming together of what is understood by the subjective theory of value and what is implied by the mathematics of the preference relation.

Modernist theoretical projects, such as neoclassical economics and classical Marxism, have in common the presumption that there is a knowable economic essence that lays beyond the everyday appearances and that orders the economic reality.¹⁰ In neoclassical economics, this economic order is seen to be the culmination of the behaviors of individual entities, and the behavior of any such individual entity is assumed to be the result of individual choice. This essence is conceived as a

¹⁰ For Marx, of course, there is no pre-given order but a historical process of ordering or order's coming into being that through this very process gives in to disorder.

purely abstract form of economizing behavior, choice under scarcity. This abstract essence of "everything economic" is represented by a particular set of mathematical assumptions that go on to constitute the neoclassical economic discourses. Neoclassical economics relies on mathematics in the belief that it guarantees scientific and consistent arguments; regardless of to what degree this is achieved, abstractions are written in this language and kept at a distance from the everyday languages in which they, sooner or later, end up being interpreted and used in. That all economic relations are ordered by a particular logic that can be represented by a purely abstract form is perhaps the ultimate implicit assumption neoclassical economics. And the "security" of this foundational assumption is maintained by the three implicit and foundational assumptions that I here study. Together, they sustain the identity of neoclassical economic discourse as a modernist science, that is, as a science that sees the relation of scarcity and individual choice as the ordering essence behind an economy.

1.5. The Three Implicit Assumptions of The Neoclassical Foundations

Identifying customary ways of establishing a preference relation as a relation of scarcity can thus guide us towards the rules and regularities within the complex of neoclassical discursive concretizations. The regularity that I here outline involves the effectivity of the implicit assumptions: The

scarcity interpretation requires various discursive and theoretical supplements that concretize the preference relation as a relation of scarcity, however, whenever this is achieved, the mathematical foundation of the preference relation imposes a particular discursive order. Before talking about the processes of the concretization of the "preference relation" as a "relation of scarcity" that establishes this order, in order not to lose sight of our argument, I would like to foreshadow the "ideological aspects" of the discursive regularity that we encounter in neoclassical economics – what I have been calling the "implicit assumptions" of neoclassical economics:

(1) While the core logic of mainstream economics is presented as economizing behavior due to scarcity, the level of the effectivity of scarcity – its urgency, expediency or necessity – within the problem under investigation is never questioned.¹¹ Rather, for any problem of economic choice, scarcity of means for achieving value is implicitly assumed to dominate – or, fully determine – the logic of choice both as an accurate description of the environment that the economic problem takes places in as well as how this description corresponds to the conception of the problem by the acting agent. So I call this first implicit assumption the "dominance of scarcity."

¹¹ Presumably, "the price system" that partially determines the relative valuations between scarce resources is assumed to be sufficient to represent the level of scarcity at work. This is not convincing, for, the fact that I pay for a pack of chewing gum does not mean that I economize in its use-value.

Equivalently, dominance of scarcity amounts to the order imposed on the problem by the determinism of the internally consistent preferences of individual entities. Here, modernism is hidden in the implicitly applied notion of domination. If the effectivity of the relation of scarcity is the core premise of the neoclassical attempt then its presumed dominance is the unconscious that universalizes the validity of this premise. The implicit assumption of the dominating force of scarcity over the whole environment is what makes mainstream economics specifically neoclassical and sustains its ambitions to be universally valid.

(2) The implicit assumption of "description invariance" (Tversky and Kahneman). Here, neutrality of language as a medium of pure representation is assumed to regulate not only the academic conversation through mathematical formalism, thereby securing its epistemological ambitions to be scientific, but also the economic aspect of behavior itself. This assumption immunizes neoclassical economics and the neoclassical subject, once and for all, from the influences of language – its discursive and subject-forming effects – from the theoretical developments that consider language as discourse and the subject as a contradictory and complex process of identification within it. However, if the subjects of economics do not necessarily think in terms of the language of mathematics and logic but also in terms of an "interested" language – as it is constantly being verified, apart from its obvious truth in our everyday experiences, in the newly

accepted sources of evidence (e.g., laboratory experiment, field research), where different presentations of the "same" information lead to systematic variations in behavior – then the internal logical consistency of math becomes limited in its use as the trustee of pure representation. More importantly, the "materiality" of discourse and its identity forming effects cannot be ignored without this implicit assumption.

(3) The dominance of scarcity over the whole environment implies that human action is "fully motivated." Even if one were to agree that – independent of the substantive contents of ends pursued or means adopted – the scarcity relation is intimately related to the logic behind motivated behavior, "dominance" is too powerful of an abstraction from our everyday experiences of ourselves; it is also the processes of being motivated and lacking motivation that often help us make sense of the means-ends relation at hand. Mainstream economic discourse sets out to explain economic behavior intent on the accomplishment of some goal, but to do so, it *begins* with the assumption that this motivation is already full. Implicitly, the individual is assumed to have objectively and fully identified with the comparative evaluation of possible end results. In other words, expected experience of an outcome – at least on average – corresponds to the actual returns from action. Here "whose" interests each action and its outcome serve is apparent from the outset. This amounts to equating preferences with meta-preferences – or,

preferences over preferences – and an erasure of the philosophical and practical problem of the “will” in the determination of “objective interests.” I call this, provisionally, the implicit assumption of the “transparency of interests.

1.6. Dominance of Scarcity

It does not require much knowledge of modern economic analysis to realize that the foundation of the theory of value is the assumption that the different things that the individual wants to do have a different importance to him, and can be arranged therefore in a certain order.

(Robbins 75)

Neoclassical economics presumes that an individual’s preferences already reflect a fully established concern for the scarcity relation that is under consideration; in other words, the individual is presumed to be making the most use out of her given means, whatever they may be. Taking these preferences as a logically consistent given, that is, assuming that the means-ends relations within the problem of scarcity as already established, neoclassical theories begin with a framework where the effectivity of scarcity is already fully objectified in preferences. If we look at a generic utility function, such as $U(x) = y$, scarcity is not only objectified in the means to achieving value, x , but also in the identification of this scarce object by the agent in relation to her desired ends, $U(x)$. $U(x) = y$ gives a complete description of the possible means-ends relationships; hence, the scarcity relation is objectified in the

relation between means and her preferences over outcomes. Construction of this logical necessity, where instrumental rationality necessarily implies making the most use of scarce means, is then read as the actual way in which scarcity of means necessitate economizing behavior. As such, what neoclassical economics intends to explain – behavior in the context of means-ends relations – is already established as a logically necessary relation within its foundational assumptions. Beginning with a utility function that is assumed to reflect a concern for the efficient use of resources, there is no other way for neoclassical theories to view the reaction of an individual in facing scarcity other than as a fully motivated intention to economize on the already objectified relation of scarcity. Dominance of scarcity, as already inscribed in the genetic code of its formal foundations, becomes the very limit of the neoclassical endeavor in studying the formal variance within relations of use.

Since I want to evaluate the study of scarcity in mainstream economics at its foundational points, here, I will not refer in detail to the conception of the preference relation as representing “utilities” or to the marginalist, expectational or behaviorist readings and modifications of this framework. Likewise, I will not consider the influence of the Austrian school’s concept of praxeology in the construction of the subjective theory of value. These are not trivial developments,

and the limits and contributions of each can be studied separately. However, to the extent that they do not contradict the formal framework that I consider here – that is, using the abstract relation of the preference order to represent a fully motivated concern for making the most use of scarce means – my critique applies to them as well. Likewise, I am not interested in giving a survey of mainstream economic theories. To the extent that these theories and models are founded on the formal framework of rational choice within an internally consistent preference order – that is, the maximization of a utility function – the character of “dominance” of scarcity applies to them equally well. Thus, I will not trace the genealogical appearance of this coupling – of choice theory and the subjective theory of value within the neoclassical study of scarcity – in its historical and theoretical complexity. Rather, I will be appealing to the “common sense” of the informed and open-minded reader as I present a set of results that – though perhaps surprising at first – are nevertheless quite intuitive and perhaps even obvious. Approximately, the argument is composed of two parts: (1) The particular discursive way in which the abstract relation of the “maximization of a utility function” is concretized – how a preference order relates to a particular problem of scarcity – varies across the different theoretical contexts of mainstream economics – but, not by much. They all begin their studies with a version of $U(x) = y$, and assume that

this mathematical relationship represents an individual's preferences. Thus, they all begin with the implicit assumption that the relation of scarcity is already fully objectified in preferences. (2) However, more importantly, as soon as this concretization is established, the scarcity relation can only be seen to have dominance over the logic of choice, where the individual must be making the most use of "something," whatever it might be. Under dominance, varying levels of the expediency of scarcity that might influence the logic, and hence, the form of choice cannot be taken into account.

The modernist concretization of the preference relation as the dominance of scarcity is pivotal because it establishes a discursive context where the independence of a universal form of behavior (i.e., calculation of opportunity cost in the use of the scarce resource, or making the most use according to pre-given values) from its applications is secured; first, a metaphor is written down, then it is read and interpreted literally. But in fact, Robbins's concretization of "the relative scales of valuation," rather than representing the truth of a universal relation, is equivalent to the assumption that scarcity is always completely objectified in preferences, where the individual is always making the most use out of given means. In other words, the assumption of pre-given preferences is taken literally to reflect a fully formed concern for a particular relation of scarcity, and this makes it impossible to consider the

interaction between changing levels of the scarcity of means and the varying degrees of the objectification of such a problem in our considerations. The process of this two-way interaction between scarcity and our response to it seems to be economic in nature and begging investigation. For neoclassical economists, however, this is strictly off-limits, because, as the story goes, we are neither psychologists nor moralists. Taking preferences as already established and concerned with scarcity, neoclassical economics is able to argue for a universal form of behavior:

The irrational element in the economist's universe of discourse lies behind the individual valuation. As we have seen already, there is no means available for determining the probable movement of the relative scales of valuation. Hence in all our analysis we take the scales of valuation as given. It is only what follows from these given assumptions that has the character of inevitability. It is only in this area that we find the regime of law.

(Robbins 126-127)

But what Robbins refers to as "the regime of law" is the logical determinism of a purely abstract relation standing in for an individual's logic of action in the face of scarcity. And what has "the character of inevitability" is the presumption of full presence of the economizing form of behavior with regard to a problem of scarcity – how, inevitably, scarcity establishes its dominance. Dominance of scarcity is not only in the fact that any choice has an opportunity cost, rendering a preference relation a relation of scarcity, but also in the assumption of the perception of this fact by the acting agent herself as such as well as the incorporation of this perception in her preferences.

The concretization of the preference relation as a relation of scarcity by simply naming it as such may seem trivial at first. Indeed, formulation of economic choice as solving a problem of the scarcity of means is at a level that is still a lot more abstract than its applications within more concrete discursive contexts such as the theory of consumer choice or the theory of the firm. However, beginning with the $U(x) = y$ framework is equivalent to the simple discursive move of naming means as scarce and the assumption that this scarcity is taken into account by the individual. This naming or concretization becomes the way in which a metaphor is taken literally – that is, when it is presumed to represent reality.

As we have already seen, for Robbins and the consequent mainstream economics, scarcity is not a historical relation or a variable. If scarcity can become more and more visible in places where others once saw abundance (or at least, didn't see any shortage), in other words, if the level of the effectivity of scarcity can increase with economic and cultural change, then the universal validity of the "logic of choice" would be in doubt. Thus, a historical focus would contradict the very premise of the universal applicability of the scarcity relation: If the form of behavior – the logic of choice – depends on what it is applied to, then it may change over time in relation to the social process of valuation. Instead, in neoclassical economics, the condition of the scarcity relation is extended over to all

economic contexts through the assumption that the effectivity of opportunities not taken (i.e., possible alternative uses of an object or action as means to ends) is ever-present, rendering the relation of scarcity always in dominance, and thus, beyond history. I use the phrase "dominance of scarcity" to refer to this neoclassical conception of the ahistorical and purely logical relation between given alternative ends and limited means.

In other words, the expediency of economizing behavior as a universal form that is independent of the particularities of ends and means emphasizes a logical necessity of rational choice rather than a natural, biological, historical or a social one. The intuition behind the everyday meaning of the term scarcity not only justifies but also obfuscates its neoclassical use; for the latter, scarcity does not acquire significance under particular historical contexts (e.g., war, famine, depression) – it is always already significant; it is not restricted to commonly acknowledged problems where a situation necessarily comes across as problems of scarcity (e.g., unemployment, inflation, taxation, etc.); it does not emphasize certain significant events in an individual's everyday encounters (e.g., choosing a profession, organizing ones time at work, etc.) at the expense of others where scarcity is less significant. In the formal presentation of utility theory there is no such distinction whatsoever between the varying levels of the

expediency of scarcity. But if the neoclassical logic of the expediency of economizing behavior carries its form to all situations of scarcity – such as “scarcity” of time, “scarcity” of good friends, “scarcity” of scrap paper, “scarcity” of bubble gum, etc. – does it not follow that, intuitively, the expediency of scarcity must have its varying degrees of effectivity? It seems that neoclassical economics begins with the idea that scarcity relates to the form of economizing behavior but conceives this relation only in the full presence of scarcity. The one-sidedness of this perspective can be explained in many ways. One can note that economizing behavior due to scarcity is not restricted to human behavior. If anything, scarcity is more dominant of a factor of life for many nonhuman organisms. Consequently, to the extent that we no longer live in nature like other animals do, the problem of scarcity must be of an exceptionally urgent kind in order for the human being to have no consideration other than to economize. One can argue that if scarcity is a constant and acute worry – akin to animal life in the wild – it would naturally force a human being into a form of analytical thinking and economizing where instrumental rationality becomes the main mode of her mentality. However, lack of dominance of scarcity, which is not lack of scarcity itself, may lead to behavior that is not necessarily strictly economizing. At first sight, my argument for the varying levels of the expediency of scarcity can be thought to be related to the

theories of "bounded rationality" and to Herbert Simon's concept of "satisficing" (Simon). However, one should note, it is not the lack of dominance of scarcity but rather its full presence that would force a process of choice to meet our inherent cognitive limits in the face of infinite and costly knowledge. Instead, I see the origins of the lack of the dominance of scarcity behind the possibility of a divergence and the process of interaction between the problem of scarcity one faces and the means-ends relations embodied in ones preferences.

Take, for example, our environmental problems that can be described as a problem of scarcity. Objectively speaking, human life is endangering earth, its necessary life support. Do we take all the small steps that can easily make more efficient use of our consumption of water, gas, electricity, etc.? On the one hand this is related to the separate problems of the divergence between the monetary cost of consumption (its price, or private costs) and its social costs, and the value of money relative to the difficulty of acquiring it (wages, income, power). If scarcity gets more expedient, it means in neoclassical economics that one is willing to pay more for it, reflecting this change on the price of the means, leaving the form of behavior intact. However, on the other hand, and this what I want to emphasize, our form of behavior – the way we make use of water, electricity and gas at home – changes depending on the level of scarcity we perceive. However cheap water may be or rich we are, we don't

leave the tap water running; if for nothing else, it costs money. It is a scarce resource that we make use of everyday, in not only biologically but also socially necessary ways. But suppose there is a drought, where scarcity of water is no longer evaluated with respect to keeping a green lawn but becomes a problem of finding enough to drink. Here, what would change is not only the hike in the price of water but also the depth of the means ends relations considered through a social process of valuation. Given my form of choice in drought, I realize that I was not making the most use of my means.

Hence, the process during which a particular relation of scarcity becomes established as dominant – in other words, the ways in which it results in a dominant value order – is usually ignored by neoclassical economics. Neoclassical economics is the study of the “relation of scarcity” based on a particular modernist framework that can perceive the relation between ends and means only in the idealized end-state of scarcity that has already established its dominance. Instead, I would like to emphasize here the economic implications of the indeterminate aspects of this process of the relation of scarcity that at best has a “tendency” to become dominant.

One can come up with many more examples of how the varying levels of scarcity leads to changes in the form of behavior, where, as the expediency of scarcity increases, behavior reflects a growing concern for economizing on scarce means or for making

better use. In other words, it is only to the extent that scarcity is perceived as a problem that one would care to use the tool of the opportunity cost calculation in making choices. Take for example, how students cram for their exams the night before. Here, time to study for the exam was scarce even a week before the exam. However, it is only as the time of the final approaches that the expediency of time's scarcity makes an impact on preferences and, hence, on behavior. Similarly, when writing an essay assignment, one becomes more productive as the deadline approaches, simply because one has to. In other words, the necessity of choice under scarcity imposes itself during a process in which the expediency of scarcity may become more or less important. As another example, one might point to the rising labor productivity growth rates – growth in output per hours worked – during the current and last economic recessions. To explain this counterintuitive trend economists usually refer to changes in capital intensity, increases in workers' skill and technical and managerial innovation. I am arguing that there is perhaps another reason behind why workers have been more productive as the economy and the labor market became under stress. As the scarcity of jobs became more expedient, workers developed a growing concern for holding on to their jobs, and they have thus intensified their efforts at work. Accordingly, before the recession, even though jobs were still scarce back then, they were not scarce enough to motivate workers to fully

economize on their time at work with regard to output. Back then, workers were perhaps economizing on the cost of their effort at work; nevertheless, not only the circumstances but also workers' "preferences" have changed.

In neoclassical economics scarcity is seen as an ever-present and omnipotent property of all relations of value. I argue, instead, that any such valuation, including the importance of the scarcity of means, even when scarcity doesn't refer to a clearly objectified use, becomes established within the confines of the particular discourse that it belongs to. Hence, in order to study the relationship between scarcity and behavior, rather than focusing on the logic of the moment, where scarcity is presumed to have dominance, we should look at processes of evaluation of the means-ends relations within given problems. It is the "logic" of these social processes of valuation that reflects a variance in the concern for the scarcity of means. The effectivity of "scarcity" varies in at least two ways: Either the scarcity of means change externally – for example, as a change in income – or the way one perceives, appreciates and takes into account these conditions of scarcity changes. More important, and completely ignored by neoclassical economics, is the discursive processes of shifting interactions between these two sides of the scarcity relation – the concrete reality of scarcity versus our care and concern for economizing on scarce means. If there is a famine then there is not only a change in the level of food

scarcity but also a change in the subjective evaluation of food as very valuable. And so, as the nature of scarcity requires a discursive context in economic theorizing, so does any process of relating means to ends. It is precisely because we need to look at this interaction as a discursive process that one cannot take preferences as given.

Taking as given – as a fact – that an individual has a determinate preference order has allowed valuable theoretical developments in economics at a pace and precision hitherto unparalleled in the social sciences.¹² It has become the surest way of providing formalist abstraction an essential place in economics. One should not forget, however, that presuming that an individual has a complete ordering of her pursued ends is only one way of approaching the economic relationship between scarce means and desired ends. There are alternative ways of considering human behavior that relates means to ends. The one that I will be considering in the next chapter, for example, requires a fundamentally different philosophical perspective that is only through essentializing abstractions reducible to the neoclassical version. In neoclassical economics, for any economic choice

¹² In particular, a consistent or rational preference order of differential evaluations over mutually exclusive alternatives that satisfy “reflexivity,” “transitivity” and “completeness.” Together with “continuity,” these axioms allow the use of a “utility function” in ranking outcomes in order of preference. If they are satisfied then efficient choice can be “represented” by the maximum of the utility function. This basic version of the axiomatic foundation of choice is sufficient enough for my present purpose of discussing the neoclassical “logic of choice.”

problem – independent of its context – the preference order is assumed to be “complete.” At the same time, it is generally understood that the preference order effective in a particular moment of choice does not contain a comparison of every imaginable consequences that relate to all possible courses of action. This would imply an ever-present “life’s utility function” that is at work at all moments of economizing which the subjective theory of value does not reject but also cannot sustain without appearing as a crude version behaviorism. Rather, the assumption of comparability sustains only between those possible courses of action that are highlighted by the problem at hand, by the situation under consideration. When in the grocery store, for example, we may compare buying apples to buying bananas; we don’t compare them to other available but unrelated actions or ends (e.g., it has to be under peculiar circumstances, when in the grocery store, that I consider whether I should buy apples or call my mom). In other words, in order for a problem to assume the form of an economic choice problem the available options and desired ends need to be provided by the presentation and the perception of the problem as such. Better put, for a set of alternative actions to be related to various ends within a common problem of scarcity and for an individual to have consistent interests over the outcome of the situation the problem needs to be “framed” as such within a particular discourse that the individual either thinks for herself, borrows

from outside or finds herself in. Formation of a situation as an economic choice problem, during which alternative ends and their evaluations emerge, is a process that is only logically prior to the "moment of choice;" there are choices, economic in nature, made during this process as well. Thus, looking into these processes of emergence of moments of choice from socially evaluated and shared contexts can be insightful to economists – it is these particular discourses that are active within the "field" of a problem that have ordering influences over the individuals who act within them.

Lack of dominance of scarcity is not equivalent to lack of scarcity. I may use scarce resources as if they are not scarce, that is, I may not fully economize on their use, because the level of scarcity is not expedient. Even if scarcity becomes more expedient this does not necessarily mean that the problem of scarcity imposes itself to the fullest extent. As we will see in the following chapters, this conceptual change in the logic of economic choice enables us to use the concept of surplus. In neoclassical economics, the assumption of the dominance of scarcity makes it impossible to use the concept of surplus with regard to the use of scarce means to achieving value. If we consider the discursive processes of evaluation of scarcity, however, we observe that the indeterminacy related to these processes gives a further level of significance to the concept of surplus. It is the modernist use of the preference order in

making sense of the problem of scarcity that renders neoclassical economics ideological. Dominance of scarcity denies the concept of surplus and disables the study of the social processes of valuation of the means-ends relationships as ongoing discursive processes.

From this dynamic perspective, a complete and deterministic preference order is only a modernist metaphor for the process of the ordering of preferences, where, at any given moment, there are contradictory preferences and partial preference orders. When we take this process of ordering in its presumed logical end result of total dominance of scarcity we are left with the universal form of economizing behavior in the moment of choice. However, by taking this process in its movement that never terminates in a final order, we can make use of the philosophical framework of hegemony to shed some light on the dynamic side of the economizing behavior that is left in the dark by the philosophical framework of dominance. Hence, this dissertation is a first-attempt at an initial reformulation of the terrain that neoclassical economics itself claims as appropriately economic, where I study a certain portion of a whole host of issues that are sidestepped by taking the concept of the preference order "too literally."

1.7. Description Invariance

Thus far, we have located the "ideological" element in neoclassical economics within its very foundations – the axiomatic formalization of rational choice theory. We have seen that the problem of ideology does not passively reside in this abstraction; rather it arises from the use of this foundation in more concrete contexts as inherent limits to studying the value relationship between means and ends as an ongoing process. Most importantly, we have considered the discursivity of neoclassical economic knowledge as being ordered by this theoretical foundation in a particular way, where, as soon as a pre-given preference order is seen to function within a relation of means and ends, the individual can only be theorized to be making the most use of one's means. In this section, we will look at the implicit assumption of "description invariance" that results, once again, from the necessary way in which the mathematical construction of the preference order concretizes as representing the values of an individual.

This assumption that "different representations of the same choice problem should yield the same preference" is frequently and clearly violated in practice (Tversky and Kahneman, 253).

Consider, for example, the following two problems:

1. Assume yourself richer by \$300 than you are today. You have to choose between a) a sure gain of \$100 and b) %50 chance to gain \$200 and %50 chance to gain nothing.

2. Assume yourself richer by \$500 than you are today. You have to choose between a) a sure loss of \$100 and b) %50 chance to lose nothing and %50 chance to lose \$200.

(Tversky and Kahneman, p. 258)

Mathematically speaking, the two problems are equivalent in outcomes; as such, choice theory predicts that preferences over outcomes a) and b) in the first problem should logically carry over to the second. However, Daniel Kahneman and Amos Tversky have repeatedly encountered "preference reversals" between such logically equivalent yet descriptively different options. In one particular survey of the above questions a majority (%72) chose the first option in the first problem, whereas the popular choice reverted to the second option for the second question with %64 (Tversky and Kahneman 1986, p. 258). It has become apparent through a multiplicity of similar findings that people do not necessarily consider logically equivalent outcomes to be the same if the description of this logic varies. Relying on a psychological description of what they call "framing effects," Kahneman and Tversky explain the above result by referring to an inherent cognitive tendency for loss aversion (i.e., taking higher risks in the possibility of loss).

Let us first note that, whatever may be the reasons behind the violation of description invariance, when working within the framework of choice theory, they cannot be understood other than as silly logical mistakes or mathematical miscalculation. If individuals evaluate different descriptions of the same outcome

differently then they commit a purely epistemic error. Choice theory does not claim that people do not make mistakes. Accordingly, upon consideration, people would see the change in their preferences as a logical contradiction that needs correction. From this perspective, violation of the fundamental neoclassical assumption that evaluations over outcomes are fixed and pre-given is not a serious problem, and the reason behind such violations, if any, is trivial. However, in addition to its intuitive plausibility and our everyday experiences, there is significant experimental evidence that these "preference reversals" are not simply due to human error and they are not necessarily fully resolved upon deliberation. Take another example:

Imagine that the U.S. is preparing for the outbreak of an unusual Asian disease, which is expected to kill 600 people. Two alternative programs to combat the disease have been proposed. Assume that the exact scientific estimates of the consequences of the programs are as follows: If Program A is adopted, 200 people will be saved. If Program B is adopted, there is a one-third probability that 600 people will be saved and a two-thirds probability that no people will be saved. Which of the two programs would you favor?

(Kahneman and Tversky 2000, pp. 4-5)

Faced with a choice between these two programs, 72% of respondents chose Program A over Program B. Then, the descriptions of these two options were revised: "If Program C is adopted, 400 people will die. If program D is adopted, there is a one-third probability that nobody will die and a two-thirds probability that 600 people will die." When faced with this

second version of the problem, where option C is logically equivalent to option A and option D to option B, 78% of the respondents chose option D over option C. Kahneman and Tversky explain how these findings are not merely due to errors in calculation:

The failure of invariance is both pervasive and robust. It is as common among sophisticated respondents as among naïve ones, and it is not eliminated even when the same respondents answer both questions within a few minutes. Respondents confronted with their conflicting answers are typically puzzled. Even after rereading the problems, they still wish to be risk averse in the "lives saved" version; they wish to be risk seeking in the "lives lost" version; and they also wish to obey invariance and give consistent answers in the two versions. In their stubborn appeal, framing effects resemble perceptual illusions more than computational errors.

(Kahneman and Tversky 2000, p. 5)

In other words, the discursive context established with the phrases "saving lives" in option A vs. "people dying" in option C make a real difference in the meaning of these outcomes independent of their logical equivalence. And despite the recognition of their logical equivalence, respondents still feel the difference made by these different descriptions, pulling them, as it were, towards different valuations. If choice is based on a necessity, clearly, this inevitability is not purely logical.

Based on their empirical findings Kahneman and Tversky argue that people do not always evaluate options within a comprehensive framework of logic, rather they focus on gains and losses with respect to a (discursively established) reference

point. They describe an experiment where subjects were asked to choose between two types of treatment for cancer. When the effectiveness of treatments was described in terms of survival rates the majority of respondents preferred surgery (with higher long-term survival rates) to chemotherapy, whereas the description of success in terms of mortality rates induced a much higher support for chemotherapy (with an initial death rate of zero) (Tversky and Kahneman 1986, pp. 254-255). Here, even though the outcomes are logically equivalent, the choice set described in terms of losses rather than gains seems to induce people to be more risk-taking. In giving an explanation of such "framing effects," Tversky and Kahneman present Prospect Theory, where the individual is conceived to be risk-taking in decisions relating to losses with respect to a reference point and to be risk-averse in when decisions are about gains. As part of this theory, they suggest an alternative and descriptively more accurate utility function that summarizes the essentials of the observed "deviations" from rationality. As such, they see "framing effects" as originating in behavioral tendencies inherent to human psychology.

For Tversky and Kahneman, those choice settings which are not reduced by subjects' mental representations to its logical representation are conducive to framing effects where certain inherent tendencies that contradict expected utility theory are

observed and could be theorized. Their verdict on the violations of the neoclassical invariance assumption is severe:

Because framing effects and the associated failures of invariance are ubiquitous, no adequate descriptive theory can ignore these phenomena. On the other hand, because invariance...is normatively indispensable [i.e., indispensable for the axiomatic foundations of rational choice], no adequate descriptive theory should permit its violation. Consequently, the dream of constructing a theory that is acceptable both descriptively and normatively appears unrealizable.

(Tversky and Kahneman 1986, p. 272, my comment in brackets)

Kahneman and Tversky's approach to understanding "framing" has been foundational in behavioral and experimental economics. Even though the category of "framing effects" itself is used in a variety of ways – as a repository category under which one lists a selection of deviations from the predictions of decision theory, or more restrictively as the cases in which the implicit assumption of description invariability is violated – economists have followed the path breaking work of Tversky and Kahneman in presuming that frames are originating in our inherent and commonly shared cognitive limitations. For many economists working in the increasingly influential fields of behavioral and experimental economics, this psychological focus on framing seems natural. Indeed, these fields are deliberately devised to produce knowledge in the intersection of economics and cognitive psychology. Even in the relatively independent approach of neuro-economics, where "frames" are explained in relation to their

correspondence to the use of various neural structures, we can observe this orientation. In these attempts the presence of "frames" are taken literally to imply a solidified conceptual framework either inherent to our cognition or to our brain structure.¹³

I do not mean to reject these exciting developments with the swipe of a hand. Recent advances in behavioral economics is a growing source of interest among economists, and rightly so. Apart from orienting economics towards a more descriptively correct foundation, this move towards psychological explanations is making apparent various limits of neoclassical economics. Likewise, the well-established practice of scientific experimentation finally found a place in economics through choice problems presented in laboratory settings, and the axiomatic foundations of rational choice theory that had formed the background of almost all mainstream economics are now being regularly tested against the behavior of actual people. This move away from Milton Friedman's popularization of "as if" positivism back to a classical concern with descriptively correct psychological foundations is reinvigorating the discipline. The abstraction of *homo economicus* now regularly meets her real counterparts in the lab, and more often than not, the concrete image of the actual subject does not fit well with the ideal

¹³ See, for example, De Martino, Kumaran, et al. (2006).

image of the rational agent. This mismatch between expected and actual behavior has led to a growing concern with the applicability of neoclassical economics. What I would like to suggest, however, is that psychological explanations of framing are able to shed light to only a part of the unexplained substance related to framing.

In its psychological explanations "frames" are thought as already established and commonly shared mental or neural "structures" through which we apprehend the world. They are, as Kahneman and Tversky put it, attempts "to articulate some of the principles of perception and judgment that limit the rationality of choice" (Tversky and Kahneman 1986, p. 273). I would like to expand the sphere of this debate on "what framing is" to include another possibility: namely, ideological or discursive framing. Prospect theory and similar attempts to find psychological explanations to framing impose a particular theoretical order onto something fundamentally elusive. Rather than taking a frame to imply an already established psychological mechanism – like the switch on a wall – I consider the possibility that frames are also resulting from discursive processes of making sense of a choice problem. My basic preliminary thesis for this section is that effects of discourse – or "ideological effects" – offer an alternative way to explain framing. From this perspective, discourses or narratives that are called upon during the process of decision-making project onto the contents of this setting a

particular and biased way of making sense. Unlike the psychological interpretation of framing effects, effects of discourse are not reducible to an individual's cognitive psychology. Rather, ideological effects refer to the excess or surplus meaning that is active in choice settings and that induces people to behave against the predictions of expected utility theory. In other words, narratives and discourses that people "use" during the making sense of a problem effect the valuation over outcomes independent of and in addition to the economic "logic of choice." In this formulation, description of a choice problem does not merely involve an objective representation of outcomes but also other information that affect the evaluation of these outcomes. When a description of an outcome is read within a process of making-sense, these extra-logical discursive formations stimulate people to project onto the decision problem discourses, narratives, meanings and competing subject-positions that then influence their behavior.

What I have in mind can perhaps be made more concrete with reference to a series of examples. Samuel Bowles discusses a series of experiments conducted by Elizabeth Hoffman and her colleagues:

Hoffman and her collaborators varied two aspects of the experimental environment for ultimatum and dictator games: proposers either won their position by doing well on a trivia quiz or were randomly assigned, and their relationship to their game partner was described either as an 'exchange'...or simply as 'divide \$10'.

(Bowles 1998, p. 88)

As is well known, experimental results of ultimatum and dictator games – where the first player proposes a plan for dividing a sum of money between the two players – are usually presented as evidence against the neoclassical foundations. As opposed to the predictions of rational choice theory, where the proposer is expected to leave next to nothing for the other player, in experiments, a surprisingly large portion of proposers opt for a more egalitarian sharing. This, however, is not my point. And in fact, the preferences of the proposer can be arranged so as to explain such behavior – if, for example, proposer values not only monetary gain but also an equal distribution of wealth, etc. More importantly, in Hoffman and her colleagues' experiments, when proposer's job was described as relating to "exchange," less money was left to the other player than the cases where it was described as a "division." Here, it is merely the wording of the description of the game that varies. The difference between the two games is purely discursive, and from a modernist perspective of pure representation, it should have no bearing on the actual outcomes. In effect, however, references to exchange seem bring to the table discourses relating to market exchange – possibly implying for the proposer notions of competition and self-regard – whereas the description of the game as a division invokes those discourses regarding sharing, etc. Similarly, the survey by Kahneman and Tversky about cancer treatment mentioned above is

probably testing not only loss aversion as a cognitive phenomenon but also is picking up the effects of various discourses employed regarding matters of death vs. survival. For example, when referring to matters of life and death it may be more attractive to save lives for certain or to take the chance where possibly nobody dies to choosing an option where possibly no lives are saved or where death is certain. One can thus recognize that the varying descriptions of the same choice problems devised by Kahneman and Tversky are suggesting a further level of discursive concretization above and beyond a merely mathematical relationship involving percentages. In other words, framing effects can be seen as evidence for the preference or subject forming effects of discourse. To the extent that this true, psychological explanations of framing involve the presumption of an order within something fundamentally elusive – how the persuasive powers of language render preferences indeterminate.

“Preference reversals” are not mere calculation mistakes. But can a neoclassical economist use another line of defense – that the different presentations of the same logical statement can somehow represent different outcomes? In that case there would not be a violation of a preference order, and thus, no violation of description invariance. But then the question neoclassical economics needs to answer is: What is it in these descriptions other than their obvious logical equivalence that makes a difference – what else do they say about outcomes other

than the outcomes themselves? The neoclassical framework cannot answer this question because within the strictly consequentialist logic of economic choice, where means, outcomes, and preferences over outcomes are already established, different descriptions of a given outcome does not register any difference; they are equivalent descriptions that objectively refer to the "same thing" that is pre-given, and it is this common signified that one values. Relying on mathematical language to guarantee a metaphysics of pure representation, neoclassical economics cannot conceive the language of actual individuals as anything more or less than a determinate relationship between words and things. Concrete uses of abstractions, once again, become neoclassical economics' own limit in perceiving these discursive differences. For example, in mathematics, $\$(15-5)$ represents the value \$5 equally as well as $\$(5+5)$. It is a language where different presentations of an equivalent logic do nothing more than to represent this logic. Likewise, an individual conceptualized through the neoclassical lens, by definition, has immanence within the terrain of mathematics: She cannot distinguish between the different descriptions of the same logical relationship as she instantaneously reduces them to an objectively true representation of the outcome. An actual individual who reads a mathematical statement, on the other hand, experiences a process of valuation or goes through a process of making sense: $\$(15-\$5)$ is subtraction of one value from another (a loss), whereas

(\$5+\$5) is addition of two values (a gain). Therefore, the description invariability assumption originates from the logic of mathematical language that choice theory builds upon and that shapes the way individual behavior is conceptualized and interpreted in mainstream economics. Concretization of choice theory – its use in more concrete contexts – becomes a denial of the possibility that, rather than a mistake, violation of description invariance points to an economically significant but unexplained phenomenon. Neoclassical economics does not consider the discursivity of its own theoretical choices. Neither does it theorize “economic choice” as a discursive process. In both of these attitudes we can see modernism at work: Using a particular metaphysics in which language is seen as a neutral medium of representation and translation between reason and reality, neoclassical economics ignores the effects of discourse on their theories and others choices. In this regard, behavioral economics provides much-needed evidence for the existence of these effects that neoclassical economics cannot study. Some of these studies that do not consider frames as determinate psychological structures are especially helpful in providing insights into the discursivity of the process of framing.

Take, for example, Karla Hoff and Priyanka Pandey’s article “Discrimination, Social Identity, and Durable Inequalities” that demonstrates two cases where discourse makes a difference above and beyond the logic of choice. First, Hoff and Pandey refer to

an experiment conducted by Jeff Stone, where college students were asked to perform certain tasks. Whenever the tasks were described as expressive of "natural athletic ability" black students performed better than whites, and whenever they were defined as testing "sports intelligence" white students did better than blacks. The announcement of the description of the task had a significant impact on students' performance, possibly through its activation of commonly held stereotypes.

In their own experiments, which are caste-based rather than race-based, Hoff and Pandey find similar results and argue that "publicly revealing the social identity of an individual can change his behavior even when that information is irrelevant to payoffs" (Hoff and Pandey 2006, p. 206). In one experiment based in rural India, they use two "types" of students (low-caste vs. high-caste), divide them into three types of groups, and ask them to solve as many mazes as they can within a time-constraint. These exercises are solved individually and thus have no strategic aspect. The first and second types of groups have equal number of students from each caste, whereas the third type of group has either low-caste students or high-caste. The only difference in the experiment between first-type groups and second-type groups is that in the second groups, right before the test, each participant's name and his or her corresponding caste are revealed to the "classroom." The major finding is that, whereas the high-cast students in the first and the second groups

achieved similar scores, the scores of low-caste students in the second group – the one with revealed caste – had twenty percent lower success rates compared to other low-caste students in the anonymous first-group. Here is Hoff and Pandey's remarks: "The ideology intertwined with the discriminatory regime assigns to certain social groups status and social meanings – i.e., social identities" (Hoff and Pandey 2006, p. 207).

It seems that the mere announcement of one's caste-position induces students to behave differently even though there is no value to this information within the context of the individually performed tasks. The discriminatory regime that is triggered is discursive and self-disciplinary. It may be the case that the lower-caste students are "rationally" expecting lower returns to their efforts due to implied discrimination that takes place in social interactions that they are used to; this, however, is not the point. What is clear is that the projection of the social relations of the castes into the context of the exercises and the resulting change in behavior was clearly due to the discursive relations activated by an "enunciation," even though such a projection was completely unnecessary from a logical point of view. Hoff and Pandey make a similar point: "...discriminatory regimes not only categorize individuals and establish category-specific rules; they also invest those categories with social meaning. Discriminatory regimes create a narrative to justify the discrimination" (Hoff and Pandey 2006, p. 210). These narratives

can carry over to social settings where the caste system is not warranted by the logic of the problem at hand.

From a much more diverse sample of human subjects, a group of anthropologists and economists find a similar objection to the neoclassical conception of the individual: "The degree of cooperation, sharing, and punishment exhibited by experimental subjects closely corresponds to templates for these behaviors in the subjects' daily life" (Henrich et. al. 76-77). In other words, there is more to what is being carried over to the site of the experiment and to the "logic" of its problem by the subject than her universal capacity to reason, her preferences and cognitive frames. Discourses of rational choice may take over the decision-making processes of subjects through the triggering mechanisms inherent to the game – its logic of choice – yet there is no reason to assume away the unintended consequences of other deep currents of discourses lurking below the surface.

We have seen how neoclassical foundations concretize as scarcity in dominance, where the individual is fully motivated to economize on scarce resources. And we have already considered the possibility that, rather than a moment of choice where scarcity is fully present, choices arise from within a discursive process of making sense of the problem of scarcity. Here, rather than presuming a correspondence between the two sides of the scarcity relation, where objective conditions of scarcity are fully represented by their subjective evaluation, we chose to study

their complex interaction throughout a social discursive development. In a similar vein, we can see framing as relating to this discursive process where alternative logics of making sense of the means-ends relations compete. It is through such a process that a "frame" is established. That is, if we look at framing in the context of scarcity, as the possible order in the discursive process of establishing a means-ends relationship, we see that framing is the name of an indeterminate process rather than the objectification of a certain structure. Hence, from this perspective, we observe the particularities of the discourse at hand, look for effective and competing frames, and evaluate the persuasiveness and subject-forming effects of language in the way it contributes to the establishment of preferences. In other words, rather than taking frames literally to mean an already established structure we evaluate their metaphorical qualities, and look for tendencies in discursive processes of valuation.

For example, Judith Mehta's methodology in "A Disorderly Household - Voicing the Noise" is one way of studying the effects of discourse in the construction of a choice problem and the establishment of preferences (Cullenberg, Amariglio and Ruccio 374-398). Mehta argues that a singular focus on the discourse of rational choice excludes other discourses that are effective in the moment of decision and goes on to document the conversations of the participants in a bargaining game that she proctors: "My strategy, then, is to interrupt our discourse on the discourse by

staging a forum in which the noise of many narratives can come to voice" (Cullenberg, Amariglio and Ruccio 376). By observing the conversations between subjects themselves within the bargaining process, Mehta provides a method to do just that.

But one should also keep in mind that, as in Hoff and Pandey's research, discourses effective within a process of making-sense don't need to be spoken – like the words "life" and "death" written on a questionnaire – or even explicitly stated – such as one's cast identity that implies a whole set of social relations. In fact, the problem we are facing is quite tragic and cumbersome: The above examples demonstrate the significance of language's biased effectivity, however, they also suggest that there is no necessary a priori discursive order in social processes of valuation. Hence, a study of discursive framing can only be valid, as we will see in the next chapter, within a properly chosen field, and even then, can be understood only partially. Mainstream economics uses the avoidance of the following two facts to its theoretical advantage: If one wants to study the economic aspects of means-ends relations, it is not only the discursivity of economic theory that we ought to be concerned with – for example, that the theoretical foundations of economic choice brings its own biased order onto the discourses it sustains – but also the discursivity of "choice" itself. When we honestly face these facts, however, we also have to accept a

fundamental difficulty in theorizing behavior in relation to making use: Lack of an a priori discursive order.

1.8. Transparency of Interests

In neoclassical economics, the notion of interest is not a problematic one. The theoretical individual knows, as already established in her preference order, what really is good for her. In its consequentialist logic, behavior always carries a conscious intention to bring out certain results, and these results serve the interests of the individual. Given that choice takes place according to the logic of the moment, there is no possible divergence between what one thinks a beneficial outcome is and the actual benefits of an outcome.

I do not intend to repeat at length the procedure through which neoclassical economics ignores the possibility that the indeterminacy of interests is both economically significant and yet hard to theorize. As with dominance of scarcity and description invariance, it is the complex combination of a mathematical framework and a modernist attitude that brings about these limits to studying the problems of motivation and identification that any individual, in very different ways, actually deals with.

As we know from our examples of lazy A and lazy B, if one does not identify with one's manifest preferences, as is possible in problems of self-control, the question of interest assumes a problematic nature. In such scenarios, choices that are efficient

within the neoclassical framework do not necessarily represent the interests of the individual.

If, as I have suggested above, we take preferences as incomplete and indeterminate, and instead of considering logical necessities within a timeless framework of scarcity, we consider the process of establishing the means-ends relations within a given problem, we see further difficulties with the notion of transparent interests. When we consider what happens prior to choice we see that discursive processes of valuation of possible outcomes as well as their interrelation to means are also processes of identification and persuasion. Within these processes, if there is a movement towards a hegemonic order of certain preferences as opposed to another, there is no a priori reason why this movement should be guided by the autonomous and self-interested voice of reason. Instead, when we compare two moments along this process, it is easy to imagine that what once was not in ones interest somehow becomes a source of value, and vice versa. Similarly, when we look at the process posterior to choice, that is, to the actual implementation of a decision, we do not always find a fully motivated agent, but also a partial subject who is discouraged by the divergence between the values she derives from outcomes and the interests that these outcomes serve. It is the very indeterminacy in this "translation" between "objective interests" and desires that is constitutive of identity, or its lack thereof. Partiality of the subject – the

indeterminacy of preferences – implies the lack of necessity in action and the potential to be motivated differently.

In light of these observations, that is, given the ubiquitous indeterminacy of preferences, choice theory loses its alleged ties to a secure positivity, and instead, becomes a source of normative knowledge. In other words, it becomes a practical guide to living efficiently, and in this sense, its recommendations are hardly objectionable: Choice theory demands thinking clearly about what one values and how one can reach them, and implementing these findings in the best way possible. Lionel Robbins, despite his allegiance to the positive/normative duality, makes similar points, even at the risk of contradicting himself:

It is not rational to will a certain end if one is not conscious of what sacrifice the achievement of that end involves. And, in this supreme weighing of the alternatives, only a complete awareness of the implications of modern economic analysis can confer the capacity to judge rationally. But, if this is so, what need is there to claim any larger status for Economic Science? Is it not the burden of our time that we do not realize what we are doing? Are not most of our difficulties due to just this fact, that we will ends which are incompatible, not because we wish for deadlock, but because we do not realize their incompatibility.

(Robbins 155)

The different "will-organisations" in society, although composed of the same individuals, formulate different preferences. Everywhere our difficulties seem to arise, not so much from divisions between the different members of the body politics, as from, as it were, split personalities on the part of each one of them. To such a situation, Economics brings the solvent of knowledge. It enables us to

conceive the far-reaching implications of alternative possibilities of policy.

(Robbins 156)

[Economics] makes no pretence, as has been alleged so often, that action is necessarily rational in the sense that the ends pursued are not mutually inconsistent. There is nothing in its generalizations which necessarily implies reflective deliberation in ultimate valuation. It relies upon no assumption that individuals will always act rationally. But it does depend for its practical *raison d'être* upon the assumption that it is desirable that they should do so. It does assume that, within the bounds of necessity, it is desirable to choose ends which can be achieved harmoniously.

(Robbins 157)

As opposed to Robbins's earlier modernist formulations about what economics is, the above comments cannot be objected; these arguments render mainstream economic knowledge as meaningful and useful for they acknowledge its metaphorical qualities.

Unfortunately, in the practice of mainstream economic knowledge we do not experience these careful and modest arguments. Instead, we see a theoretical edifice that is presented as the universal truth. See, for example, how the following statement clearly contradict the ones above:

Economics deals with ascertainable facts; ethics with valuations and obligations. The two fields of enquiry are not on the same plane of discourse. Between the generalizations of positive and normative studies there is a logical gulf fixed which no ingenuity can disguise and no juxtaposition in space or time bridge over.

(Robbins 148)

We said that the critique of mainstream economics requires the critique of modernism. As we have seen, modernism – as a method and an attitude – is constituted through the disguise of its

internal contradictions. Hence, the inconsistency between the statements above does not hinder the functioning of modernist philosophy in economics. It is not hard to see why one would not want to face these contradictions; when we considered choice to stand in for a discursive process of valuation, we also faced the fundamental difficulty in making sense of the complexity of problems regarding motivation, identification, persuasion and hegemony. This chapter tried to shed light onto the contradictions of modernism that were otherwise repressed. As a result, we came face to face with the lack of a universal essence within these processes.

The assumptions of dominance of scarcity, description invariance and transparency of interests are implied by the form imposed on the analysis by the so-called maximization of a utility function; models based on this foundation reduce explanations of social phenomenon to a particular form. In other words, rather than having an essential intuitive or economic logic, "dominance," "invariance" and "transparency" are implicitly derived from the formally explicit core of mainstream economics. These three assumptions are never explicitly stated within the theory (i.e., they are not axioms) nor are they supplied in the presentation of this theory.

There is much to say about why these three implicit assumptions can be seen as part of the unconscious of the mainstream economic discourse – how they may be the reason behind

"Greenspan's forgetting." Dominance of scarcity disables the study of the indeterminate aspects of means-ends relations but in a strange twist allows the formal presentation of choice to stand in for the autonomous decision of the liberal subject; description invariance abstracts from discourse, and thus, universalizes "reason" or "rationality" as the work behind the logic of all economic choice; and, the implicit assumption of transparency of interests closes the door to analysis the normative and political nature of economic reality. What is crucial to note here is that all three assumptions are also at the same time, while being part of the ethical code of modernism, definite but never stated results of mathematical formalization, and as such, they are the artifacts of a particular stage within the process of "abstraction\concretization." Even though we economists currently rely on mathematical formalization to a degree hitherto unparalleled in the social sciences, we rarely consider the possible non-neutral effects of this language. It is no revelation that, *in practice*, mathematics is not just a neutral language. Furthermore, and this is valid for all three assumptions, taking into account the varying levels of, to take on example, the effectivity of scarcity would require a formal representation that would need to change its form, its very language itself, depending on this "level." This would require a language that is much more flexible than mathematics: One would need to "trade-off" the precision of math with – or more

precisely, incorporate it into – the plasticity of a linguistic terrain that can bear and interrelate different discourses within a larger theoretical framework of intertextuality. The following chapter is an attempt to form such a framework.

In this attempt, to summarize, I will be building upon some of the main results that we have reached in this chapter: Neoclassical foundations invalidate the notion of a social valuation process that tends to hegemony and the concept of surplus as well as the possibility of considering economic reality and knowledge as incomplete social discursive processes of valuation; These processes are not merely constituted by logical, historical or social necessities but also by metaphorical connections. In light of these results, as I explain in the following pages, the indeterminacy of preferences complicates the relationship between scarcity and use-value, and paves the way towards an alternative understanding of the concept of surplus.

Part 2

Economies of Surplus

I do not wish to arouse conviction; I wish to stimulate thought and to upset prejudices.
(Freud)

2.1. From Economic Discourse to the Discursivity of the Social

As a result of the critique in the previous chapter it is now apparent that moving beyond the modernist limits of neoclassical economics requires a resistance to the tendency of conceiving social relations as fully established forms of interaction. This can be achieved by theorizing the social as an ongoing process and by emphasizing its indeterminate, discursive and normative aspects. Such alternative theoretical approaches where process has priority over the outcome are much more conducive to explaining the course in which a fully established means-ends relation might appear. Consequently, this chapter is a first-attempt at conceptualizing the discursive or post-neoclassical terrain of means-ends relations; here, I argue that the indeterminacy of discursive processes instills use-values, and hence, surplus with the discursive potential to be

articulated differently; in turn, in the presence of such a potential, discourses become necessarily normative.

In the last section, through the critique of the philosophy of modernism inherent to the neoclassical foundations, I was able to locate various significant limits to the neoclassical explanation of social relations as the combined outcome of rational choices arising from within fully established relationships between means and ends. But the purpose of my critique was not limited to showing the particularity of the truth of neoclassical economic discourse or to explaining its possible ideological use as part of its use-value as knowledge. It is also intended to generate discussion about how to take advantage of the insights of the neoclassical conceptualization of social relations as means-ends relations without being hindered by its limits - that is, how to make sense of relations of social use-value without avoiding the fact that such relations of making-use are constituted to a significant extent within ongoing and indeterminate discursive processes of "use-valuation".

My critique of neoclassical economic discourse has its own partiality and incompleteness despite the fact that the theoretical order brought onto this discourse by its formal foundations made such a critique easier. Now, as we move from neoclassical economic discourse to considering the discursivity of social relations of use or means-ends relations in general

that do not necessarily have such a conveniently apparent theoretical order, how are we to proceed? In the second half of this dissertation, I elaborate the reasons behind the difficulty in answering this question, and consequently, I merely provide various temporary and partial answers to it.

2.2. The Philosophy of Hegemony

Both the critique in the previous chapter as well as the consequent "partial answers" that I will here provide are influenced by contemporary philosophers who theorize the discursive order. Although I do not embark here on a close textual study of these theories and although the concept I focus on here - the indeterminacy of use-value - is not foundational to these theories, I would like to acknowledge the major points of their influence on my dissertation. *The Archeology of Knowledge*, where Michel Foucault conceptualizes discursive formations according to a purely descriptive reading of their "regularities in dispersion," has been particularly useful in the previous chapter (Foucault). In looking for the dispersed regularity among neoclassical statements I was able to locate a common formal foundation and its necessary but implicit implications as constituting a set of regulatory assumptions. However, Foucault's approach to discursive order is limited by its resistance to considering the role of subjectivity and intentionality within discursive formations (Barrett 145). As I move away from the critique of neoclassical economic discourse to the discursivity

of means-ends relations themselves, this problem becomes obvious and unavoidable; by its own nature, discourses within which means and ends are made sense of and related to each other with regard to a problematic are shaped by interests that yearn for various particular uses; in such a discursive context the question of intentionality cannot be avoided. In this respect, three other books in particular have been instrumental in moving beyond Foucault's pure descriptivism: Ernesto Laclau and Chantal Mouffe's *Hegemony and Socialist Strategy*, Judith Butler, Ernesto Laclau and Slavoj Zizek's *Contingency, Hegemony and Universality* and Slavoj Zizek's *The Sublime Object Of Ideology*. These authors, unlike Foucault, do not give up on the concept of "ideology;" rather, they study discursive formations as complex and overdetermined processes of subjective interaction that tend to a partial, incomplete and temporary order, namely, hegemony. Building on Antonio Gramsci's revision of the Marxian concept of ideology as a quasi-independent process of consent formation, Laclau, Mouffe, Butler and Zizek provide poststructuralist theories of discursive hegemony as an alternative to the modernist and rationalist theoretical order of classical Marxian thought. Even though this approach is primarily intended as a critique of Marxian thought, it relies on assumptions that are also in direct opposition to the three implicit assumptions of neoclassical economics that I have already criticized: Here, (1) the concept of hegemony as a partial discursive order is

presented as an alternative to that of the philosophy of dominance that conceives social relations as a fully established totality, (2) instead of conceiving language as pure representation the concept of discourse is provided to make sense of the constitutive nature of language, thereby enabling an explanation of "description invariance," and (3) rather than presuming that interests are transparent, they are studied as partially disguised processes. For example, with regard to the transparency of interests, Laclau and Mouffe observe that:

The problem, however, with these approaches which start from a restricted definition of the working class, is that they are still based on the concept of 'objective interests' - a concept which lacks any theoretical basis whatsoever, and involves little more than an arbitrary attribution of interests, by the analyst, to a certain category of social agents.

(Laclau and Mouffe 83)

Consequently, the philosophy of hegemony destabilizes the assumption of fixed identity in rational choice theory (e.g., the assumption of a pre-given preference relation). As Laclau argues:

This is the way in which I would establish distances with 'decisionism': the subject who takes the decision is only *partially* a subject; he is also a background of sedimented practices organizing a normative framework which operates a limitation on the horizon of options.

(Butler, Laclau and Žižek 83)

Such theoretical emphases on the constitutive role of discursive processes are often falsely criticized as denials of facts; since facts are nonnegotiable, so goes the argument, they do not have discursive origins. However, relating facts to their discursive context, without which their full significance cannot

be understood, is not to deny their existence; rather, it is to deny the possibility of an ever-present and transparent separation between facts and values. Of course, a discourse of making sense of a problematic, where relations between means and ends are established, is also where facts become important in the persuasion and verification of claims, goals, plans, etc. But the role and interaction of facts within a discourse are variable and they may have completely different dynamics compared to the fact of two billiard balls hitting each other. As Ernesto Laclau more clearly puts it:

But this is, precisely, a distinction which should be eroded: there is no such strict separation between fact and value. A value-oriented practical activity will be confronted with problems, facilities, resistances, and so on, which it will discursively construct as 'facts' - facts, however, which could have emerged in their facticity only from within such activity. A theory of hegemony is not, in that sense, a neutral description of what is going on in the world, but a description whose very condition of possibility is a normative element governing, from the very beginning, whatever apprehension of 'facts' as facts there could be.

(Butler, Laclau and Žižek 80)

The critical implications of the concept of discursive hegemony is not limited to classical Marxian theory; as we have seen from the previous chapter, the concept of hegemony can also be useful in seeing the limits of the "philosophy of dominance" in the neoclassical foundations. Thus, to go beyond these limits, theoretical foundations can be based on a "philosophy of hegemony" that sees facts as acquiring their meaning within the regularities of discursive fields. Indeed, the problematic of

this concept is closely related to the post-neoclassical terrain that we have acquired from the previous section; even though the concept of discursive hegemony, at least to the extent the above mentioned philosophers use it, does not specifically refer to use-value or to means-ends relations as foundational concepts, its conception of discourse as an indeterminate process where identities, interests and regularities are established makes discursive hegemony a promising concept for the future of economics discipline. Hence, these books are useful reading for economists who agree with my critique of neoclassical economics and who want to develop an alternative theory. My critique of the philosophy of dominance - of modernism inherent in neoclassical economics - as well as my emphasis on a philosophy of hegemony is a result of their influence. For example, I was able to identify, but only retrospectively, the logic of the critique I constructed in the previous section with a specific quote from Judith Butler:

In the first instance, it seems crucial to see that formalism is not a method that comes from nowhere and is variously applied to concrete situations or illustrated through specific examples. On the contrary, formalism is itself a product of abstraction, and this abstraction requires its separation from the concrete, one that leaves the trace or remainder of this separation in the very working of abstraction itself. In other words, abstraction cannot remain rigorously abstract without exhibiting something of what it must exclude in order to constitute itself as abstraction.

(Butler, Laclau and Zizek 19)

Though I owe a lot to these texts I will not be particularly concerned here with tracing the origins of my arguments to

specific pages in these books. Rather, here, I will try to put forth arguments that may be used to build an alternative economic approach to means-ends relations based on a philosophy of hegemony.

2.3. The Post-Neoclassical Terrain

In trying to answer the question of how to approach means-ends relations in a post-neoclassical way I will here suggest that we can benefit from the concepts of discourse, use-value and surplus. These "partial answers" are a consequence of my critique of modernism in neoclassical economic foundations. As such, it is helpful to begin by reassessing the pivotal points of my previous arguments.

We have seen that neoclassical economics conceives use-value as an already established subjective relationship between the means and ends of an individual entity, its preferences. Abstracting from the particularity of use enables the empty form of the utility function to act as a "universal signifier," ordering the neoclassical discourse and dissolving the inherent complexity of ongoing needs-ends relationships; thereby, neoclassical economics also conceals the particularity of its own use-value as knowledge. Within this practice, we have located through our critique the traces of a certain "suture," a theoretical lack that is concealed in order to present the neoclassical framework as a consistent and universal totality. Here, what is not seen is the "presence of absence" of the

scarcity relationship that dominates choice even in its "purely abstract" form. But what is ultimately repressed is the lack of dominance of scarcity, its varying degrees of expediency, as well as the effectivity of surplus that deforms the neoclassical logic of choice. After our critique, it is no longer a puzzle that the theoretical consideration of the concretization of abstractions, and in particular, concretization of the preference relation as a relation of scarcity, whether, for example, a particular concretization is appropriate for the level of expediency of scarcity at hand, is absent from neoclassical economics. Scarcity of means, whether it refers to clearly identifiable scarce objects or not, already has its full presence in the abstract form of choice. Therefore, different levels of the expediency of scarcity or the effectivity of surplus do not register any difference within a neoclassical framework, and neoclassical economics can study only economies of scarcity, in dominance.

In the last section, we isolated the particularity of the truth of neoclassical economics by referring to its limited conception of language as pure representation and to the embodiment of a modernist ideal - the "philosophy of dominance" - in its foundations. The abstract nature of these foundations, the conceptual use of "preferences, whatever they are," expands the explanatory powers of neoclassical foundations through its ability to consider choice contexts that at first seem either irrelevant or counter to an intuitive understanding of "scarcity"

as a clearly objectified problem of allocation. Nevertheless, maximization of a utility function and its interpretation as rational individual choice imply the necessary preexistence of a discursive process of comparison of preferences over alternative outcomes; whatever may be the substantive contents of her preferences, such an individual is by definition intending to make the most use out of her available means. However abstract, neoclassical logic of choice implies opportunities forgone, hence opportunity cost calculation, as well as "reasoned" preferences about the relationship between the scarcity of resources and the necessity of choice. "Scarcity" in this more general sense already has its full presence in the abstract form of choice itself.

However, this logical reduction can only be seen as an idealized end-result of a prior discursive process of valuation with regard to relations of use, during which means-ends relations are not yet fully determined. Such discursive processes are characterized by a lack of dominance of scarcity; but if the effectivity of scarcity is only a tendency towards the determination of means-ends relations then the existence of a destabilizing counter-tendency is necessarily implied; I refer to this counter-tendency that destabilizes the full establishment of relations of use with the phrase "effectivity of surplus." Surplus in this sense is not limited to the Marxian conception of surplus value; it is also related both to a surplus of meanings

available within an indeterminate discursive process of relating means to ends and to surplus desire that is effective on this process as intentionality but that is not fully represented or rationalized in it. "Effectivity of surplus" as such renders relations of use or use-values indeterminate, thereby also destabilizing necessities. Laclau and Mouffe characterize the relation between the effectivity of surplus and the discursive field in a similar manner, as "the field of overdetermination:"

We have referred to 'discourse' as a system of differential entities - that is, of moments. But we have just seen that such a system only exists as a partial limitation of a 'surplus of meaning' which subverts it. Being inherent in every discursive situation, this 'surplus' is the necessary terrain for the constitution of every social practice.

(Laclau and Mouffe 111)

This is how we arrived at the result that due to the complex coexistence and varying expediencies of scarcity and surplus there is no necessary theoretical dominance in these discursive processes of making sense of the means-ends relations; there are instead actual and potential claims to hegemony, that is, complex processes of "rationalization" that sustain particular set of use-value relations as opposed to others. Within these discursive processes of making sense, language has a biased effectivity, which the neoclassical choice framework has to suppress due its reliance of language as pure representation. Instead, here, I acknowledge the nonneutral effectivity of language on the formation of means-ends relations with the notion of the "indeterminacy of use-value." In this alternative conception, use

values are indeterminate because their discursive aspect enables the potential to be articulated differently. In this sense, which interests will end up being served is indeterminate. But more importantly, interests that would be served by particular outcomes are not fully transparent from the outset; rather, they are discursively established during the symbolic process of making sense.

For evidence of the coexistence of surplus and scarcity one can look, especially in the context of today's economic crisis, at wealth and income inequality or compare the profitability of corporations to the sustainability of small-businesses, non-profit and public institutions. One can consider, for example, how the finance sector is able to generate enormous profits even during a deep financial crisis. One can perhaps even relate the rise in the profitability of financial speculation to the existence of the effectivity of a certain surplus that enables capital to increase its value without an appropriate relation of ultimate use. Or one can simply look around. Indeed, presence of the effectivity of both scarcity and "excess" can be evidenced in the everyday, through introspection or personal observation of ongoing discourses. For example, even though my time and income are limited and even though these limits force me to make the most out of my time and money according to my goals, I still am, to some degree at least, able to waste my time and money. A hypothetical neoclassical economist might say "But that's not

waste, you are making the most use out of something else, perhaps leisure!" To this I point out that making the most use out of something intangible or not making use of anything at all can be alternative readings of the same means-ends relations. But its evaluation as rational or irrational depends on the discourse, the process of rationalization, within which actions are taken. The neoclassical economist simply cannot know whether a given behavior is rational or not without knowing more about this discursive process of rationalization/justification behind it.

The complex interaction of "substantive" and "instrumental" rationalities in the establishment of means-ends relations takes place in a discursive terrain. In such processes, an instrumentally motivated discourse may be beneficial for the interests it represents; this is both the insight and the limit of the neoclassical foundations. But the logic of such motivation, where its intentionality comes from and how it should proceed, cannot be established independent of the particularities of interests and their interaction; these include discursive processes of substantive rationalization - processes of social valuation of ongoing means-ends relations - as well as processes of the "unconscious" of discourse - that which is effective on discourse yet escapes representation and rationalization. In other words, instrumental rationality cannot be conceived as a universal form of behavior before the individual agent is discursively established in each and every particular use-value

context as a fully determined subject-position; regardless of whether or not such stable identities exist in actuality, in the process "logically prior" to the moment of such a fully established means-ends relation, the discourse of establishing use-value relations, and hence what means, ends and their relations are, are incomplete and indeterminate. In this critical sense, the indeterminacy of use-value destabilizes the universal logic of neoclassical economics. During these indeterminate processes, the truth of neoclassical foundations becomes the normative practical advice that one can benefit from clearly specifying ones available means, thinking about what the possible outcomes might be and what their "preferences" over these outcomes are. There is a certain truth to this neoclassical advice because it is useful in practice. Nevertheless, its use is restricted by its inability to be useful for all interests (e.g., interests that can be ordered to act as an individual entity can be more efficient compared to conflicting interests that do not reconcile their differences) and in all discursive contexts (e.g., discourses in which means and ends are more transparent vs. those that aren't) in equal measure.

It is not surprising that the normative aspect of neoclassical foundations turns out to be the idealization of the form of choice under dominance. But it is important for our purposes to note the theoretical consequence of this attempt: The conception of the "social" as an already established relation

between individual entities. Instead, I relate sociality to the discursive processes of making sense of the ongoing means-ends relations at hand, where preferences and hence "individual entities" are indeterminate, partial and changing.

The preference approach to the formal foundations of choice is able to explain more than its alternative formulations (e.g., self-gain maximization, revealed preference, "as if" behaviorism, a literal interpretation of scarcity, etc.) because it abstracts from the specific contents of scarcity, because its pure form allows an individual to have means and ends that are not clearly identifiable or embodied in objects or commodities. Nevertheless, implicitly, the dominating effectivity of scarcity is still presumed to be fully present. I accept that "scarcity" of means to ends, resulting in the motivation to generate the most use-value for the self, constrains and forms our social interaction, that it is one of the main constituents of social necessity. But I deny that the influence of scarcity as such is fully present in our evaluations of means to ends relations. In other words, even though the motivation to make the most use out of ones means may be prevalent, in order not to reduce economic explanations only to the effectivity of scarcity in dominance, only to the instrumental rationality of choice, economic theory needs to consider the effectivity of the lack of dominance of scarcity, and hence, the effectivity of surplus.

Nevertheless, our critique of neoclassical foundations does not amount to its wholesale rejection. Neoclassical economics bear in its problematic and in its partial truth the demand to understand value as a relation of use-values and the ambition to explain everyday practices of making use. Influenced by neoclassical economics, I approach economic theory with the presumption that economic practices in general - that is, including those outside of production and market valuation - can be seen as ongoing processes of social valuation where we relate our means to our ends, where we make use of our resources. Here, I distinguish "social valuation of use" both from the neoclassical conception of individual preferences, where value refers to an already established and transparent relation to use-value, and from market valuation, where value is often presumed to be fully representable by the money metric. Rather, social valuation is an ongoing discursive process where the particularity of use interacts with the universal aspects of value considerations, hence the concept, "social use-value." Such social processes have varying dispositions for the discursive potential to articulate relations of use differently; however small this potential may be in certain discursive contexts its presence nevertheless implies the existence of an indeterminate aspect to use-value.

As a theoretical consequence of my previous critique, I consider here the implications of the discursive indeterminacy of

use-values, and in particular, I take "surplus" here to denote sources of influence on "the form of choice" that complicates the presence and effectivity of "scarcity," and hence the necessity of choice itself. As such, surplus, similar to the neoclassical conception of scarcity, does not necessarily need to refer to a clearly objectified set of means. Crucially, surplus is not merely what is more than socially necessary; in return, and as opposed to the effectivity of scarcity, surplus has the effect of destabilizing social or logical necessities, its own origins. By enabling a lack of necessity (for example, the lack of necessity to make the most use out of one's self-identified means to ends), surplus disturbs the form of choice itself. But one should be cautious; for the same reason that we should refrain from theories with scarcity in dominance, we need to be careful not to introduce a philosophy of dominance through the concept of surplus.

As we saw in the last chapter, one can take the ubiquity of framing effects as relating to a discursive surplus (of meaning, and consequently, of use-values), to the open-endedness of discursive processes of valuation. In these examples of discursive framing, we get a sense of how the means-ends relations are also ongoing discursive processes that do not necessarily have the logic of dominance; the "frame" in this sense is an artificially induced necessity to choose, taking a blurred snapshot of a process of discursive formation.

So on the one hand, our problem is to take account of the discursivity of social relations that are not necessarily theoretically dominated. This is the "tragic" consequence of our critique, the sheer difficulty of making headway once the theoretical terrain guiding our thoughts evaporates. If there is no necessary prediscursive theoretical structure that the acting agents rely on, such as the neoclassical form of choice, if, instead, we can perceive such forms only as possible consequences of particular discursive fields, then the positive theorization of the space opened up by the critique of neoclassical economics will indeed be cumbersome. As such, in this second part of my dissertation, I do not wish to jump to theoretical conclusions to fill up this space as fast as possible or try to predict results that are still to be achieved. Rather, my arguments intend to suggest what we might keep in mind while theorizing this space.

Specifically, in approaching the study of any discursive field of valuation that accompanies a set of means-ends relations, I propose that we focus on relations of use-value and on the indeterminacy surrounding their discursivity, consider the ways in which these discourses are formed by and react to the effectivity of both surplus and scarcity, and investigate these discourses' unavoidable normativity as possibly regulating discourses that otherwise have no theoretical regularity. In order to retain the possibility of a theoretical understanding of the interaction of these incomplete and contradictory processes

of social "rationalization" we can take use-value as an indeterminate potential and consider the complex discursive interaction of particular and universal arguments as claims for specific uses. For example, what a discourse considers as necessary or excessive use, as scarcity or surplus, and how these arguments are established. The indeterminate aspects of use-value relations imply a potential for change that is already partly internalized in discourse, as the complex interaction of the particular and universal demands for use. Consider for example the discursive processes that accompany the decision to spend money. Here, the interaction of the universal or abstract social use of money with the particularity of its use is clear.

It can be helpful to relate the complex interaction of these particular and universal aspects to the use-value of knowledge, or to the labor of using knowledge to effect changes in discourse as ways to pursue interests. The use-value of knowledge as such relates to the capacity to make use of the discursive terrain, thus, it derives its power from a practical understanding of this terrain. But use-value of knowledge can also be ideological in the precise sense of the my earlier argument in the introduction to the dissertation: When the use of knowledge furthers a particular set of social uses and hence a particular set of interests, it does so by disabling alternative normative conceptions of the necessity, excess and surplus at

work, conceptions that some interests in this set might have found more useful.

Consequently, the discursive relationship between surplus and scarcity has a normative aspect to it; to put it simply, in order for a change in the allocation of use-values and hence in the distribution of surplus to originate in a process of social evaluation of uses, surplus itself has to become an active normative category within effective discourses. It is at this point that the normative\positive duality of modernism does not hold. The social, our object of study, is itself normative; its normativity is part of its positivity. In order to take account of the normativity of the positive, and vice versa, in the following pages, I take surplus and scarcity to denote metaphors used as normative claims to further certain interests as opposed to others, I show how such a conception of surplus differs from our already established understanding of the concept within Marxism, and then I consider how surplus and scarcity may be used as normative categories within discursive formations, for example, in the everyday. Before going into these issues, however, I begin with a discussion of the role of use-value in relation to the Marxian concept of surplus.

The idea that a lack of dominance of scarcity implies the indeterminacy of use-values has important implications on the Marxian concept of surplus. It is also in this sense that the critique of modernism through neoclassical economics has not

merely been negative. We have consequently acquired a different conception of use-value, one that refers to means-ends relationships in the context of the ongoing social processes of evaluation of these relationships that are discursive, normative and indeterminate. The unrealized discursive potential of use-values renders the boundary between socially necessary and unnecessary a contested terrain, thereby complicating the Marxian concept of surplus as well. For this reason, as was the case with neoclassical economics, the critique of modernism inherent to the Marxian conception of use-value can be useful for an understanding of these neglected dimensions of surplus, its discursivity and normativity. It is the consequences of this possibility that I now want to turn to.

2.4. Use-Value, Necessity and Surplus in Marx

In this section, I will try to perform an argument, even if in an incomplete and haphazard manner, to the effect that we should reconsider the concept of use-value as a means to rethink the foundations of Marxian thought; behind this concept may lie a potential that Marxian theory has consistently ignored or has failed to make proper use of, and one can even relate the current impotency of anti-capitalist arguments at least in part to the neglect of this concept.

As opposed to the logic of neoclassical choice that despite its aforementioned problems has a permeating cultural presence, Marxism today does not persuade ordinary people even in the

presence of the current crisis of capitalism; it does not capture their imagination, or motivate public discourse in the fundamental ways that it was once able to. Memories of historical and political failures are obviously constitutive of this result. But there are theoretical contributions to it by Marxist thought itself. Marxian theory presents itself as a critical reading of a historical process. According to its own logic, as this historical process changes, theoretical approaches to capitalism would need to reevaluate its own foundations.

Indeed, historical changes since Marx's time have necessitated a closer look into use-values: The sheer intensity of commodification and consumerism; not just of goods and services but also the discursive construction of uses and users through, for example, the media produced image; social relations in cyberspace; and ultimately, what can be called a "culture of capitalism" or perhaps "life under capitalism." Capitalism as such disciplines not only the workplace but also the discourses and images through which we make our lives meaningful. Likewise, the power of financial capital, speculative trade and investment are now constitutive of the experience of the capitalist order and disorder. The growing significance of financial capital in the appropriation and distribution of surplus is in part related to changes in social use-values, and in particular, to the production of knowledge with new use-values. But these cultural and economic changes are not merely an expansion of the same old

capitalism. Hence, our critical understanding of capitalism today should be complemented with a rethinking of Marxian economic theory itself.

Another theoretical reason why "alternatives to capitalism" do not register any value in today's currency is related to how Marxist economic theory has a tendency to essentialize a particular conception of class relations by isolating them within "production." While much more complex, indeterminate and ambiguous, there is also the effectivity of "class" outside production, in the social processes of production and consumption of meanings, images and symbols that have practical use in the everyday as well as in the political, that is now becoming more and more pivotal to our understanding of means-ends relations. One can, for example, consider the increasing political voice of the American public but increasingly coming mainly from "the right;" we can take note of the unequal distribution of the power to frame questions from a particular perspective, for example, in the importance given in the media to the so-called "tea parties;" we can try to explain how the antisocialist rhetoric common among them exists not only despite but also due to the fact that many of them are workers under increasing stress. Or take, for another example, the current debate on health care; how it is a social process of evaluation about the use-value of health care, and how this process tends to frame health-care as a matter of personal choice rather than as a right. In these discourses that have a

real affect on the distribution of surplus, one can evidence the flexibility of identity formations within public discourse, and ultimately the lack of an essential identity, such as class. In these discursive processes one can attest to the urgent need to understand the complex interaction of class identities with nonclass identities so that our theoretical conclusions may allow us to suggest ways to participate rationally in these discourses. This may be the promise of rethinking use-value in relation to Marxian economic theory. But to take the concept of the indeterminacy of use-value seriously may have to involve a foundational critique of Marxian thought itself.

My rethinking of the Marxian concept of surplus begins with the admission that the concept of use-value is laden with ambiguity. This is a theoretical consequence of my previous critique of neoclassical economics and of my acknowledgment of the indeterminacy present in practical discourses, for example, in the everyday. Use-value as such can no longer simply refer to a fixed relation between a physical property embodied in a commodity on the one hand and an already established social human need on the other; that is, as a readymade relation that may have a fully transparent and quantitative reflection on the "economic level" as aggregate consumer demand. Understanding of use-value as simple consumption, as a relation of the moment of consumption, that exhausts the good, captures only a distorted and increasingly less significant aspect of the relation of use-

value. Neoclassical foundations have already capitalized on this insight by allowing use-value to denote the value of all possible means-ends relations; however, as we have seen, this approach is severely limited by conceiving all such relationships as fully established. The same critique applies to Marx's conception of use-value; the process of consumption coexists with an indeterminate social process of discursive valuation, and the discursive indeterminacy in the social relations of making use of things renders use-values indeterminate. This result disturbs Marx's conception of the circuit of capital. But Marx abstracted from this possibility, and his conception of the use-value of commodities is in this sense deficient. Consider, for example, the following quote from Marx's *A Contribution to the Critique of Political Economy*:

A use-value has value only in use, and is realized only in the process of consumption. One and the same use-value can be used in various ways. But the extent of its possible applications is limited by its existence as an object with distinct properties...To be a use-value is evidently a necessary prerequisite to the commodity, but it is immaterial to the use-value whether it is a commodity. Use-value as such, since it is independent of the determinate economic form, lies outside the sphere of investigation of political economy. It belongs in this sphere only when it is itself a determinate form. Use-value is the immediate physical entity in which a definite economic relationship—exchange-value—is expressed.

(Marx 1999, 27)

This statement suffers from considering the possibility that use values may belong to "the sphere of investigation of political economy" even when they do not assume a determinate form, the

commodity form. To consider this possibility, I take the concept of use-value to refer, even if in inadequate ways, to the indeterminate discursive processes of valuation that accompany the ways in which we utilize our means towards our ends. It is such an indeterminacy of use-values that renders an economy, through the complex interaction of interests, political, as an economy of surplus. If we can accept this premise, that value is neither a direct result of the particularity of use-value, nor merely the secret effectivity of the universal logic of abstract wage-labor time, that is, if we accept that value is a complex combination, an overdetermined result, of the particularity and concreteness of use on the one hand and the universality and abstractness of value considerations on the other, then we can perhaps begin to think about the ways in which the ambiguous concept of use-value, referring to the indeterminate social processes of making use of things, may relate to the concept of surplus, and the ways in which Marxian thought has neglected them. In this sense, rethinking Marxism, especially in light of poststructuralist and postmodern thought, requires a concentrated effort to rethink the concept of use-value as well as its implications with regard to the creation, appropriation and distribution of surplus. Of course, at the same time, if value is overdetermined by the effectivity of the particular as well as the universal then we have to suspend our desire for a theory of surplus in dominance, as well. Rather, at least temporarily, we

would need to consider the specificity of the ongoing processes of social valuation, that is, we need to focus on the particularity of the discursive fields within which such processes of valuation are taking place, and merely hope to achieve some temporary theoretical results.

For Marx, use-value implies a social relation and not a private individual one:

But if Rodbertus wants to state only the triviality that use-value, which actually stands over the individual as an object of use, stands over him as an individual use-value for him, then this is a trivial tautology or false, since for an individual, the need for a professorial title, or the title of privy councilor, or for a decoration, not to speak of such things as rice, maize or corn, or not to mention meat (which does not stand over the Hindu as the means of nourishment), is only possible in some quite definite 'social organization'.

(Marx 1996, 247)

This seems to imply that relations of use have their own significant lives outside the circuit of capital. Despite this implication, Marx severely restricts the agency of social relations of use on value. He argues, for example, that use-value - through demand - is only marginally effective on prices and irrelevant in the long-run: "That this only amounts to the triviality of the rising and falling of market-prices over or under the value [of a commodity]..." (Marx 1996, 249).

The political nature and, if one can take advantage of it, the potentially practical implications of use-value relations that have been neglected by the Marxian theory of value, and by consequent Marxian thought, has been pointed out by a variety of

Marxian post-structuralist scholars. Gayatri Spivak, for example, in her article "Limits and opening of Marx in Derrida," argues that "Marx left the slippery concept of use value untheorized" (Spivak). Recently, Joseph Childers and Stephen Cullenberg, in their article "Use, Value, Aesthetics: Gambling with Difference/Speculating with Value" emphasize the concept of use-value and argue that value's origins are not restricted to labor in production; rather, they see value as also resulting from an overdetermined symbolic process that includes cultural considerations of use as well as processes of subject formation and identification (Childers and Cullenberg). Likewise, Jean Baudrillard, in his essay "Beyond Use Value" as well as in his theories of simulacra, emphasizes the indeterminate and symbolic qualities of use-value, and uses this indeterminacy to build a theory of the language of commodities in use, in their relation throughout processes of consumption (Baudrillard). Richard McIntyre, in his article "Consumption in Contemporary Capitalism: Beyond Marx and Veblen," contextualizes Baudrillard's take on the concept of use-value in a perhaps overly sympathetic way, but in a way that nevertheless is in line with my arguments in this chapter:

However valid the alternative conventional wisdom is as critique of neoclassical theory, it is less helpful politically in a world in which individuals are defined neither as workers nor as conspicuous consumers, but as fulfillers of their human potential through the commodity system.

(McIntyre)

Hence, my concentration on the ambiguity and potential inherent to the discursive construction of use-values is influenced by various strains of alternative thinking that contributes to the critique of the modernist conception of language in Marx and that tries to resolve the consequent problems with his conception of use-value. Theorizing use-value from this critical perspective is an initial attempt to understand the cultural, normative and discursive dimensions of social valuation that is effective outside of the production process, yet that also is constitutive of life under capitalism as well as of the use of surplus within it. However, this attempt destabilizes the foundations of classical Marxian economic theory itself, requiring a rereading of Marx. As an example, consider the following quote by Marx as carrying the insight to rethink Marxian theory itself:

Labour uses up its material elements, its objects and its instruments. It consumes them, and is therefore a process of consumption by this, that the latter uses up products as means of subsistence for the living individual; the former, as means of subsistence for labour, i.e., for the activity through which the living individual's labour-power manifests itself. Thus the product of individual consumption is the consumer himself; the result of productive consumption is a product distinct from the consumer.

(Marx 1990, 290)

Marx's emphasis on wage-labor as the only productive consumption seems today to be too restrictive; there is value in unpaid labor (e.g., household work), and processes of "consumer consumption"

also partly constitute value. Nevertheless, as long as we are prepared to expand the concept of "productive consumption" the above quote can still carry its full force. If there is labor outside of the workplace that also is productive of "value," even though it may not generate value within the circuit of capital or have a monetary reflection, then an economic theory of labor value cannot be restricted to the production process, as traditionally understood. It is with respect to this possibility that I tentatively relate the Marxian concept of surplus to the discursive and normative labor of consumption as productive labor.

According to the established terminology of Marxian value theory, I may be merely referring to the social conditions of existence of surplus value. But to put the matter in this way is to privilege a certain conception of value, labor and surplus that I, at least in this thesis, and also for purposes of emphasis, abstract from. To be more precise, I am referring to the sources of effectivity outside the circuit of capital that also is constitutive of the production, appropriation and distribution of surplus – through for example, people's understanding, acceptance, internalization of social relations and their identification with them. And as such, I am trying to locate a source that may have the potential, the indeterminate use-value, to reframe and rewrite and hence to reappropriate and redirect surplus.

Both in Marxian as well as mainstream economics, use-value is taken as an already established relationship between means and ends. But if the relationship between means and ends are established throughout an ongoing discursive context, that is, if we relate means to ends within a linguistic process of making sense of the problems we face, a process that often has not terminated in a singular discursive order or an uncontested hegemon, namely, a value order, then we cannot view the use-value of means as already established. Rather, the complexity of discursive processes of making sense, related, for example, to the metaphorical and performative qualities of the language we use in this process, render the use-value of objects indeterminate. If use-values of objects are not fully established in this sense then this ambiguity renders the concept of surplus indeterminate as well.

Here, in particular, I would like to emphasize the use-value of knowledge as part of the means-ends relations we practice, and the implications resulting from the complexity, indeterminacy and the potential of such use. For example, one can note the crucial role of "scientific knowledge" in the process that led to the current economic crisis; how the speculative trades on new mortgage derivatives such as credit default swaps were enabled by newly devised formulae, for example, by the so-called "Gaussian Copula Functions" (Salmon). It is only after these mathematical models were devised by human intellectual

labor and after they began to measure the value of things that had no previous market valuation before their invention that speculation in futures markets became a major problem. Only after these financial instruments were socially accepted as useful, perhaps because they generated returns and because their foundations looked scientific, that they had such a destructive effect. Without getting into detail, one can see here how the use-value of knowledge played an undeniable role in the reappropriation and redistribution of surplus. This example also shows how the use-value of knowledge within processes of valuation is indeterminate; the use-value of new financial instruments is ambiguous both in the way it relates to class distinctions, since there are noncapitalist stockholders and investors, and in the unpredictable results it leads to - from speculative increases in value to its uncontrollable bubble-like burst.

Two articles are particularly significant in tracing the historical devaluation of the Marxian concept of use-value and in reemphasizing its foundational role in the Marxian concept of surplus: Steve Keen's "The Misinterpretation of Marx's Theory of Value" and Shalom Groll's "The Active Role of 'Use Value' in Marx's Economic Analysis." Both articles argue that it is the misinterpretation of Marx's writings that have contributed to the theoretical avoidance of this concept. Interestingly, the former article traces this neglect to a Marxian reaction against the

development of new economic ideas around the concept of utility; As Keen argues, in an attempt to clearly separate Marxian theory against the encroaching influence and criticism of the subjective theory of value, thinkers such as Rudolf Hilferding, Louis Boudin, Isaak Rubin and Paul Sweezy have focused on a technical definition of the labor theory of value where the concept of use-value had no active role (Keen).

But when we consider Marx's narrative of surplus creation, the role of the concept of use-value acquires a particular significance. Spivak is right in suggesting that the concept of use-value in Marx requires further development. But as Groll and Keen aptly demonstrate, Marx did not leave this concept completely untheorized. In fact, it is a foundational element in his definition of surplus.

In the first volume of *Capital*, after emphasizing the equivalency of market exchange, and hence the impossibility of long-run surplus value creation in exchange, Marx goes on to the use-value aspect of a commodity to look for the source of surplus. He then locates a "peculiar" use-value in a particular commodity, the use-value of labor power, defined as the potential to produce value and use-value in the form of new commodities (i.e. the objectification of labor). Consider the following two quotes from *Capital Volume I*:

The change can therefore originate only in the actual use-value of the commodity, i.e., in its consumption. In order to extract value out of the consumption of a commodity, our

friend the money-owner must be lucky enough to find within the sphere of circulation, on the market, a commodity whose use-value possesses the peculiar property of being a source of value, whose actual consumption is therefore itself an objectification [Vergegenstaendlichung] of labour, hence a creation of value. The possessor of money does find such a special commodity on the market: the capacity for labour [Arbeitsvermogen], in other words labour-power [Arbeitskraft].

(Marx 1990, 270)

The use-value of labor-power is labour itself. The purchaser of labour-power consumes it by setting the seller of it to work. By working, the latter becomes in actuality what previously he only was potentially, namely labour-power in action, a worker.

(Marx 1990, 283)

I read these two quotes in a particular way: Marx relates the process of surplus-value production to the distinction between labor-power and labor, between the potentiality and the actuality of the usefulness of labor-power. He views the actualization of labor-power in labor as the "consumption" of the commodity of labor-power, as its use-value. It is the difference between the potential of labor-power and the actualization of its usefulness that leads to surplus. Marx refers to this difference as the distinction between the value of labour-power as a commodity and the value of the things its produces:

But the past labour embodied in the labour-power and the living labour it can perform, and the daily cost of maintaining labour-power and its daily expenditure in work, are two totally different things. The former determines the exchange-value of the labour-power, the latter is its use-value. The fact that half a day's labour is necessary to keep the worker alive during 24 hours does not in any way prevent him from working a whole day. Therefore the value of labour-power, and the value which that labour-power valorizes [verwertet] in the labour-process, are two

entirely different magnitudes; and this difference was what the capitalist had in mind when he was purchasing the labour-power.

(Marx 1990, 300)

So if, for example, through a more disciplinary supervision of workers, the use-value of labor-power is intensified, surplus increases. In this sense, it is the indeterminacy in the use-value of a commodity, though a special one, that contributes to surplus.

Labor-power's use-value is not embodied in it as a static property; it is produced and maintained by a complex web of physical, biological, historical and social processes. But in order for these conditions to establish a "social necessity," such a necessity has to be rationalized and justified in discourse; in other words, it has to be perceived as a constraint within a social discursive process of making sense. But such discursive processes themselves are based on a kind of labor, the labor of discourse whose objectification may include the establishment of "social necessity." Hence, the labor of discourse that may be outside of the circuit of capital can reallocate surplus through its effects on the use-value of labor-power that is within the circuit of capital. Crucially, this implies the existence of "discursive labor-power" within processes of making sense as well as the potential for change in ongoing social relations of use and surplus.

In other words, my suggestion is to take the origin of change in Marx's "narrative," the relation between the potential and the actual, as analogical to the situation of the indeterminacy of use-values in the everyday discourses or in discourses that are outside of the strict logic of the circuit of capital. In this sense, the logic of how a use-value can generate more than itself is already in Marx: Due to the indeterminacy between its potentiality and actuality. Is this not also a valid characterization of labor outside the circuit of capital, that is, the labor of utilization as objectification of social value, coded in meanings, desires and uses? If this "discursive labor" originates from labor-power as well then does it not imply the potential for more value?

The theoretical difficulty of studying "discursive labor" is that it is not easy to trace such labor effective within a discursive potential to a clearly objectified "labor power." In the discursive realm, labor is immaterial to the extent that it relates to the production and utilization of means through symbols, images and knowledge. It is thus much harder to identify labor with a traditional conception of the wage-laborer. Discursive labor may be unpaid and it may be part of a leisurely activity; but it can still quite literally be laborious - for example, consider the labor spent on the maintenance of Facebook accounts, which fuels the market value of the network, or efforts to keep up with the "pop culture" that comes handy in social

relations, etc. Discursive labor may also lack effort - as is the case with the labor of the negative, where not doing anything has by necessity the effect of doing something. Likewise, not all labor is represented or valued equally well in discourse. It is for these reasons that I suggest to begin with the potentiality of use-values, in order to make it possible to consider the discursive labor that enables it, rather than vice-versa. Similar to the pedagogical use of Marx's opening of *Capital* with the concept of commodity rather than labor, beginning with use-value may allow us to conceptualize temporary theoretical boundaries to study discursive fields of valuation. As the use-value of labor-power has a dual aspect - labor in the concrete vs. labor in the abstract - so do use-values in general; within a social process of evaluation of a particular set of use-values there are varying levels of concrete-particular and abstract-universal value considerations.

In order to begin a discursive study of use-values in relation to surplus the modernist conception of language needs a revision. Marx, in a move similar to that of neoclassical economics, abstracts from the effectivity of language as discourse through a modernist understanding of language as a medium of pure representation between the concrete and the abstract. Even though one can find in Marx an appreciation of the rhetorical uses of language and knowledge as well as traces of arguments that foretell postmodern and poststructuralist thought,

this sensibility is not present in his theoretical structure; Marx's theory of surplus value is immune to such considerations. For example, in one of his final political writings, "'Notes' On Adolph Wagner," where Marx makes plans to counter the argument that he has not appropriately dealt with the concept of use-value, he says that according to Wagner "man stands in relation to the things of the external world as means for the satisfaction of his needs. But," Marx retorts, "on no account do men begin by 'standing in that theoretical relation to *the things of the external world*'..."

They begin, like every animal, by *eating, drinking, etc.*, hence not by 'standing' in a relation, but *by relating themselves actively*, taking hold of certain things in the external world through action, and thus satisfying their need[s]. (Therefore, they begin with production.) Through the repetition of this process, the property of those things, their property 'to satisfy needs', is impressed upon their brains...At a certain stage of this evolution, after their needs, and the activities by which they are satisfied, have, in the meantime, increased and developed further, they will christen these things linguistically as whole class, distinguished empirically from the rest of the external world...But this linguistic designation only expresses as an idea what repeated corroboration in experience has accomplished, namely, that certain external things serve men already living in a certain social connection...for the satisfaction of their needs. Men assign to these things only a particular (generic) name, because they already know that they serve for the satisfaction of their needs...

(Marx 1996, 235-236)

We see once again that Marx indeed takes use-value relations, despite being socially constituted, to be fixed within a given social relation. Crucially, he is able to make this argument through his modernist conception of language as pure

representation; it is only after these social relations are established that language plays a role in Marx's conception, a secondary and insignificant one. This is a position that we can no longer accept in light of both poststructuralism and the increasingly pivotal role of indeterminate discursive processes within economies of surplus. In the possible relationships between social practices and their "representation" in language there more than two options; language does not necessarily come either before or after practice, it is also simultaneous to it.

After this brief review of the role of use-value in Marx's conception of surplus and the need to go beyond the modernism inherent in it, I now turn the metaphorical qualities of the concept of surplus in order distinguish a particular metaphor apt for our purposes.

2.5. Surplus as Metaphor

When we say "surplus" in an academic setting, it is more often than not a reference to – or an intention to signify within – already developed theoretical fields that use this concept as their foundational metaphor – for example, surplus value in Marxian economics, surplus desire in Lacanian psychoanalysis or surplus meaning in poststructuralist theories of hegemony.

Among these three, at least within the economics discipline, Marxian thought has had the biggest influence on the way we think about surplus as a measurable quantity of residual value left over from what is socially necessary for the

reproduction of the prevailing conditions of production. Despite Marx's distinction between surplus product and surplus value, between the form of appearance of value and value, there is a pragmatic tendency in Marxian thought to reduce value to exchange value and to theoretically constrain relations of value strictly within production and exchange; this also is a tendency to theorize capitalism mainly from the perspective of the abstract and universal logic of money capital. In this conception, even though surplus is not necessarily productive, if and when it is effective, it not only enables relative "economies of surplus" but also a change in and development of certain interests as opposed to others, including social necessity, the basis its own definition; for example, Marx relates the process of surplus creation not only to the order it imposes on social relations (e.g., industrialization, commodity fetishism, class, ideology, etc.) but also to a constant breaking up of old social relations as well as to capitalist crisis. But there is also a normative aspect to surplus that is often forgotten in the theorization of this process of change.

The Marxian concept of surplus and our understanding of its dynamics derive their conceptual persuasiveness from the commonplace images we have of primarily physical, biological and social processes. These conceptions tend to formulate surplus in a visible, quantitative and determinant way such that there is often the accompanying presumption that surplus is an objectively

verifiable, purely descriptive or positive category that is determined by physical, biological or economic necessity. For example, if a physical process such as a lake formation loses more water than it takes in then it naturally shrinks. Or if a biological process such as a plant produces more energy than what it uses to produce it then there is growth; otherwise, there is either stagnation or decay. In these examples, the thresholds of "just enough" that would keep the lake and the plant at the same size seem to be fixed and objectively verifiable.

There is, first of all, our immediate material relation to physical reality that tells us what surplus is: When I pour water into my cup I am careful not to overflow it. I know that if I pour too much then some will merely go to waste. Here, surplus seems to be a purely descriptive category – the portion of water that overflowed is immediately separate from what remains in the cup. Helpful perhaps, but at the same time, this image is inadequate to describe any active process or anything that is alive. Unlike a cup, a process cannot pause and merely continue to contain: a plant without water will wither, and likewise, I have no choice but to continually expend energy, even if I do nothing. This image is problematic in a deeper sense: In order to call any portion of the water surplus, should I not initially have a committed interest in the intended use of the water? Why am I worried not to overflow the cup, and why am I pouring water into it in the first place?

It may thus seem like that a biological conception of surplus could be more appropriate than a merely physical visualization. Whether one considers the life process of an organization, a whole society, a single individual or any living organism, it is easy to observe a constant struggle against decay. As the continual existence of a living organism is nothing but static this should not come as a surprise: If I am to stay the same weight then I need to make sure that I take in just as much energy as I expend, and if my favorite restaurant is to provide me with food everyday then somebody needs to make sure that enough ingredients arrive from the store each morning. Thus, continual existence – like decay or growth – is a material process of change through time that requires the appropriate reinvestment of what is lost back into the system. If an organism produces more than this necessary minimum reinvestment then there is a potential to grow, and if it produces less then it is bound to decay.

Biology advances the physical metaphor of surplus by emphasizing society's historical and evolutionary necessity against decay. Even simple continual existence of the "same old" requires reinvestment and reproduction. Such biological analogies make it easier to accept phrases such as "reproduction of the relations of production," even though we know very well that, to be exact, no social relation replicates itself perfectly. As

Heraclites observed long ago "No man ever steps in the same river twice, for it's not the same river and he's not the same man."

Then there is surplus as a metaphor for a social relation of domination that Marx himself relies on. Accordingly, whenever we talk about the production, distribution and consumption of valuable objects among distinct groups of people (e.g., producers, consumers, classes) who have different commitments and interests in the goods circulating between them, we can talk about a political economy of surplus. Surplus as such is a concept of political economy because, unlike a plant, surplus is not necessarily productive, and when it is productive, it can influence its own foundations. Furthermore, in a political economy of surplus one who produces surplus does not necessarily get to consume it: The division of labor, the scarcity of these goods and the costliness of their production bring together the conflict of interests and power struggles, and the cooperative dimension of living together in a society to make life better. All non-decaying human societies produce surplus, that is, goods and services whose use is not bounded to any physical, biological or necessity, and these economies differ according to the form of extraction of surplus or the particular uses to which this surplus is put. The political economy conception of surplus advances our physical and biological analogies by bringing in conflicting interests and questions of power. By imagining an overflowing cup of water we can think of an economy's surplus as

an extra bundle of fixed amount of goods, and by comparing an economy to an organism we can say that a productive investment of these goods back into the economy would help it "grow." But with the addition of political economy perspective – that is, when we consider the life process of a society in terms of its division of labor, distribution of this labor's produce, and the social valuation process that accompany these – we can ask a whole host of questions that open up a box of radical, destabilizing thinking with regard to surplus: Who produces the surplus? Who owns the surplus? Who decides what to do with it? How should an economy be organized, how much surplus to produce and what to do with it? Hence, Marx's approach to surplus, his ability to make sense of the capitalist social relations of production, valuation and "domination" with this concept, is a major advancement over a merely physical or biological conception.

But the Marxian conception of surplus has its limits, too; it does not fully answer all of the important questions about surplus that it raises, especially, questions concerning the normative and discursive aspects of surplus and its relation to use-value. Even though, for example, exploitation as a normative concept has been influential in Marxian thought, this normative aspect of surplus has minor agency within Marxian economic theory itself. But the normative and discursive aspects of surplus may have important and real effects within ongoing social processes, and as part of the problematic of social relations they also are

part of what we need to understand. The normative and discursive aspects of surplus may destabilize the foundations of social use-values in general by enabling a contested potential for further uses. For example, we can all agree that the pyramids are built out of some sort of a surplus (e.g., a surplus of slave labor that is not needed for more urgent endeavors such as wars or agriculture) but can we thus say that they are simply wasteful and unproductive – merely excessive? And from whose perspective: The slaves who built them, the king who owned them or the archeologist who thrilled in them? And even then things do not get any simpler: What if the slaves believed in reincarnation and saw the fruits of their labor as having the potential to provide them with the most spiritual form of surplus? When we say pyramids are the excesses of an oppressive regime, we are, of course, simultaneously making, and in the process confusing, a value judgment with an objective description. This necessary result is one symptom of the problem with the Marxian conception of surplus. It is true that pyramids are built out of a surplus of slave labor – in the sense that they could have been used to build something else, such as, perhaps, shelters for the homeless – but when somebody states that investment in pyramids are wasteful does she not simultaneously claim that the surplus should have been used for something else – such as investing in industrial development – or not produced at all? Surplus as such cannot merely be a positive category.

From this short survey of the possible metaphorical aspects of the concept of surplus we get an overall impression that the concepts of surplus and necessity tend to denote fixed, verifiable and quantifiable relationships. This has been very useful both as an intuitively meaningful conceptual image as well as a quantifiable measure, for empirical research. But if taken too literally, these metaphors may become a needless constraint on what we can think with the concepts of surplus, necessity and scarcity. Indeed, our everyday uses of these concepts are much more nuanced and flexible, and for good reasons. Next, I look at some such possible colloquial uses of surplus, excess and necessity, contrast them to our usually deterministic visualizations of them, and, argue that academics have things to learn (or simply, to remember) from their everyday experiences. In particular, I argue that if one wants to more fully characterize the possible academic uses of these terms then it is necessary to look at how they are used outside these theoretical edifices as well as outside of our immediate sources of physical, biological and economic metaphors. Such an approach, where we consider the everyday nuances between surplus and necessity can help us answer more fully: What can we say about the normativity of the concept of surplus in general – that is, without delving into any academic literatures?

Our everyday uses of surplus and excess make it apparent that these concepts, especially when they are used together in

the same context and as opposed to each other, imply a normative claim as to what should be the appropriate use for the residual. Discursive processes of social valuation of uses is at the same time a political ground of struggle; such discourses involve the contradictory interaction of interests in their claims to label certain potential uses of the residual as excess as opposed surplus; there are conflicting demands for a particular sets of use-value relations to be effective, as opposed to others. In this sense, the effectivity of surplus is not immune to considerations of necessity, the effectivity of scarcity; if it were, surplus would imply a realm of freedom from political conflict, which it doesn't. We are still in the sphere of scarcity and necessity when we refer to surplus. On the other hand, and this is the paradox of surplus, it is the effectivity of surplus itself that destabilizes necessities.

We have seen that a purely physical understanding of surplus as a fixed quantity of goods is inferior to our biological analogy of surplus, where surplus is the residual after the reinvestment of what is necessary for reproduction. The former describes a static situation such as the cup of water example, and the latter is better able to explain growth and decay. Yet they both see surplus as a quantity delimited by a physical or biological necessity that is predetermined. In a developing society of producers and consumers, however, necessity that defines surplus is neither simply a physical nor a

biological necessity. According to the Marxian formulation, it is *social necessity*. In this respect, the Marxian conception of surplus is a major achievement in allowing us to see that surplus itself is a socially contested measure. But ultimately, the Marxian conception of surplus has its own severe shortcomings. So let us turn to a consideration of some of these complicating factors that problematizes the concept of surplus. We turn, in other words, to the practice of language in everyday, and the normative uses to which the concept of surplus is put in it.

2.6. Surplus As a Normative Concept

Here, I further develop my attempt to rethink the concept of surplus in relation to the concept of use-value by contextualizing surplus within social processes of valuation of the ongoing means-ends relations. Meanwhile, I keep in mind that full meaning of surplus requires its opposite, namely, scarcity. As an initial reaction to the lack of a universal logic or form within the discursive ontology of social relations, that is, in response to the complex effectivities of scarcity and surplus within the diversity of discursive processes, I will here try to think about the relation between scarcity and surplus without delving into any one particular theory that uses these concepts, to see what we can say about them in general. Some of these results may become useful for theoretical approaches that do not deny the normativity of their objects of study.

In the following pages, I have used the word "necessity" to denote the presence of scarcity, and I have split the concept of surplus into "surplus\excess." With the former move, I try to integrate the concept of the effectivity of scarcity within the general logic of surplus. The latter move, the splitting of surplus into surplus\excess, is inherited from the theme of the conference *Surplus Excess* that took place in 2008 at University of California, Riverside; with surplus\excess I want to make two distinctions: (1) Between the metaphorical aspects of the concept of surplus that I have considered above and my emphasis on surplus as a normative claim, and (2) between surplus measured by the universal category of "exchange value" and my emphasis on the indeterminate relationship between "use-values" and surplus.

A change in surplus does not need to refer to quantitative differences in goods or in their monetary value because a change in the social use-value of a commodity does not necessarily require a change in the commodity (Consider, for example, a new computer without instructions from a company with no call centers). Rather, a change in surplus may refer to an alteration in the established ways of making sense of the ongoing use-value relationships.

Here, I have tried to use common sense to come up with modest and fairly possible examples from the everyday to think about social necessity, surplus and excess. Rather than being based on a theoretical framework where surplus and necessity are

descriptive of a recurrent social dynamic, the everyday use of these terms is almost always also normative rather than merely descriptive as well as practical rather than systematically theoretical. The varying uses of these concepts across different situations can be so different and contradictory that looking for a universal theory of their everyday use is frustrating if not futile.

Theoretically, surplus may be a concept of "political economy," that is, a category of residual output that is not necessarily productive and that is above a certain necessarily productive amount enough for the maintenance and continuation of the social relations production. As in Marxian economics, production may be the sole source of value and surplus may be foreign to anybody but the capitalist. In practical everyday juxtapositions of surplus and excess, however, these theoretical presumptions do not necessarily hold. Today, surplus value gives life to complex social processes not directly at the hands of the capitalists, and these cultural, political and religious activities can be powerful enough to put class distinctions into the background. Effectivity of surplus across classes does not only enable the hegemony of a value order, for example, by establishing a particular social conception of necessity, but it does so by also complicating the concept of class itself. This is not only a problem of lack of identification with a class position due to the use of some, however little, of the surplus;

rather today, class divisions, through identification with and practice of conflicting subject-positions, are also "internalized" within individuals, complicating the productive\unproductive labor distinction even more.

Frequently, consumption that is biologically necessary is intertwined with other social and aesthetic uses. As is the case with Thorstein Veblen's "conspicuous consumption," there is a productive side to consumption, a symbolic and performative side, that groups of people use to identify with, create distinction from, impress or dominate other groups of people (Veblen). There is in other words labor at work in the everyday and outside the industrial production process, which the political economy concept of surplus is not able to account for to the extent that it is the existence of surplus itself that allows for the "leisurely" labor that finds distinctive use values in goods already produced.

A portion of the directly utilitarian use of consumption goods as well as their more symbolic social functions can perhaps be seen as necessary, as social norms that are not contested, such as property rights on small personal consumption goods with direct use values. But there is also an indeterminate aspect to our social practices of consumption where some residual is contested within discursive processes of interaction of conflicting interests regarding what social uses the residual at hand should be put. And we can call this residual surplus or

excess simply because the interests aligned with alternative uses of the goods in question, in fact, see it in their power to achieve such use. In everyday contexts, there are non-market and quasi-market processes for the social valuation of goods, and not just for the commodities of industrial production, but also for public goods, public funds, and objects, images and symbols with social use values. In order to show what I have in mind, let me narrate a few examples from the everyday where surplus and excess can be meaningfully employed.

Suppose it is Thanksgiving and I invite my friends over for dinner. After the feast, when all my guests – including myself – are full and satisfied, I point to the leftovers and declare: “I cooked too much food. It was a bit excessive.” At first, nobody objects, and everybody is content. We all agree that there is excess food on the table simply because we have no use for it at the moment. But suppose one of my invited guests arrive late, right after we label the remaining food as excess. Would he not object, and would we not all agree that this food suddenly has an immediate use, that rather than it being excessive there is a surplus of food on the table that I can use to satisfy another guest? What does this simple example tell us about surplus/excess?

First of all, it is immediately apparent that socially necessary food is not determined by a biological requisite for food – we all overate. Indeed, in this example, biological

necessities and economic constraints are much less important than social necessity. And it is this urgency of the social rather than economic or biological that weakens our immediate image of what "necessary" is; it is no longer possible to consult physical, biological or purely monetary images to think about necessity.

It is also clear that the surplus\excess distinction emphasizes the potential use-value of the residual rather than merely describing an objective process. In this particular example, they are used as substitutes to emphasize the change in the usefulness of the residual food; first, there is the communal agreement that we have no use for it, but as soon as we have a hungry friend among us, it makes more sense to call it surplus rather than excess.

In this example, socially necessary is a flexible limit on how much food would end up being eaten that is determined only after the dinner is over. In this particular occasion, necessity is based on the historical process of the tradition that provides the norm of eating a lot and well on Thanksgiving. It is based on our common expectations that a lot of food would be eaten per person and that is the reason I ended up cooking excessively and it is why everybody showed up to dinner for their first meal of the day. Thus, the determination of the socially necessary is very much dependent on the historical and cultural process of the

Thanksgiving tradition as well as momentary exigencies such as my friend's late arrival.

One should note at this point that, as of yet, there are no differences between the interests of the different individuals of the group: Initially, we all agree that there is an excess of food, but then we all come to see it as surplus. If conflicting interests and questions of power were at stake – as usually is the case in any economy of surplus – then we could expect to see that surplus is a positive evaluation of the use the residual food will be put into and that the label excess is an objection to such a use. Theoretically, we should expect surplus and excess to be quantitative categories as to how much residual there is, but in practice these are categories not easily translating to a quantifiable social valuation such as surplus product, quantity of labor embodied or its exchange value. Rather, these categories represent conflicting interests in the definition of the value of the residual with respect to its possible uses.

To see this point, suppose instead that for the remainder of the month I am short on money for food. Would I not instead announce at the end of our feast that "Look at all the surplus of food, I can live on that turkey for another week"? The residual food is now labeled as surplus because there is – instead of a direct use – a promising plan for its good use. But when my friend, as usual, arrives late, things immediately become more complicated. Here is my friend: hungry, right here, right now and

expecting to find food. There is the social convention and everybody's expectations that I should offer "my food for the week" to him. This, all the while I was expecting to eat this food that I "own." Of course, I offer my food – acting as if I didn't hesitate to decide. But in my eyes, even while serving certain social purposes, I feel this food is going to "waste," changing its value from surplus to excess. From his perspective, the outcome of my initial plan would render the food on the table valueless – as mere excess. But his value judgment reverses to being surplus as soon as he thinks he might have a part of it. What do we see about the relationship between surplus and excess in this modified version?

Simultaneous use of surplus and excess are often intentionally used to mark and intervene in the conflict of interests in the use of the residual. In general, what we can say about this residual that is contested is limited but clear: It has potential value for more than one group of interest and it has more than one possible use. Surplus and excess are thus categories that reveal diverging perspectives and conflicting subjective positions or value judgments; they are normative categories imposed on the descriptive category of the residual.

We can also observe two further aspects to social relations where surplus and excess are used normatively. First, there is either a "struggle" for the right to decide what to do with the residual or such property rights are already securely in place.

The interest that has the property rights to the residual is much more likely to label this residual as surplus, and the opposing interest that would rather see this residual used otherwise is more likely to contest this situation by labeling it as excessive. Secondly, and perhaps less obviously, whenever "surplus" or "excess" are enunciated within such a particular context, it is always with an intention to change the ongoing dynamics of the struggle for the residual: In other words, the fixity of the socially necessary is continually contested through the attempts to redraw the boundaries between it and what surplus or excess is. This is also why surplus and excess – in their moments of enunciation – are not merely descriptive but also normative and political categories. Excess, used in this way, does not denote what is objectively wasteful, but this designation as an argument for another use (Objective waste in these scenarios would be what is lost from the residual during the combative process of conflicting interests).

Even simple scenarios like the ones I just mentioned imply very complex relationships between surplus, excess and socially necessary. Suppose, for example, that as I walk down the street I hear the person next to me say "Look at her, she's dressed so excessively." What more can be implied about the concepts of surplus and excess? First, there does not seem to be any ground for the counter-argument that she has a surplus of clothes – if it is as conservative a comment as it sounds, she is more likely

to not have that much on; excess as such does not necessarily refer to a fully-established object. Instead, from his perspective, there is a reference to the social necessity to dress in a proper, acceptable or normal way; it is an implied reference to cultural norms. But whose norms are at stake in the moment of the enunciation of excess? The group of people this woman is about to join would be much more likely to reject the conservative comment and perhaps would not even notice anything unusual with regard to her dress. From this example we get another very important implication on necessity and surplus: Functioning within more or less homogenous groups of people, there are discursive fields of norms and expectations that define the socially necessary and thus indicate the excessive. These fields themselves interact in complex ways as they materialize the various use values of available objects. This process often results in an economy of surplus, where the effects of scarcity and surplus are unevenly distributed.

In these everyday examples "social necessity" has multiple aspects that are not reducible to one. First of all, if objects of value have necessary uses that are already determined with no foreseeable possibility of alteration for any interested party, then neither surplus nor excess are practical normative categories. Furthermore, if the normative aspect of surplus is lost then there is not much left of it; if a society constituted by an objective process of surplus extraction did not have the

normative capacity to make use of this description, then this process assumes the logic of necessity. It is only when the use of such valuable objects are possibly up for grabs that surplus is a valid normative category, and as long as these goods have practically possible alternative uses representing others' interests so is the category of excess. Secondly, as these conflicts of interests resolve, through the establishment of social necessities, into particular ways of utilizing valuable things, their resolution tends toward the direction of more social and discursive power, wealth and property rights. And thirdly, we have the existence of surplus dispersed within these everyday examples across "classes" of people that enables the logic of these situations relative independence from economic or biological necessity.

As a preliminary conclusion one can thus say that, according to the normative conception of surplus, one can be conscious of a theory of surplus and act so as to reify the concept, or one's actions can be seen to imply by a certain separation of the residual from the necessity and indirectly validate theoretical categories. In all other cases the validity of these concepts is simply the way they are used in everyday as descriptive/normative interventions in processes of conflicting interests. Hence, a theoretical use of the concept of surplus cannot merely be based on an objective description; consideration of normative aspects are also necessary. But the normative use

of such categories across local events and situations are not equal in measure. It requires a certain political consciousness that is maintained across these local situations, almost as a code of morals, that could enable theoretically systematic categorizations. However, the practice of excess and surplus as everyday categories are much more relative and ambiguous than required by such a commitment.

Conclusion

The much-needed pluralism in economics does not merely require tolerance of different ideas; rather, it also necessitates the ontological admission that the object of economics itself is "plural." As we have seen, social relations do not present themselves as an already established positivity; they are also indeterminate and normative discursive processes.

After the critique of neoclassical economics, the reduction of the connection between individual actions and market outcomes to logical necessities is no longer sustainable. Instead, as I have argued, one can make metaphorical connections between different discursive processes. Indeed, since fields of valuation have in common the fact that they are discursive, since everyday discourses and the discursivity of, for example, market valuation, have the same discursive texture, they can both be thought of as ongoing processes of valuation with metaphorical resemblances.

Similarly, our foundational critique of Marxian theory may lead one to ask, "What is left of Marx?" My critique of Marx is intended to supplement the fundamental Marxian insight of exploitation that takes place in the production process; it is an

attempt to see the common ground of class distinctions with other forms of domination, such as sexism and racism. Because domination sustains itself mainly through symbols and symbolic acts, the terrain of struggles against domination is also discursive and normative.

I have not here provided a universal theory of the relationship between use-value and surplus. Rather, I have given reasons for the difficulty of such an endeavor, and, as I have promised in the introduction, I have presented a general terrain on which this relationship might be profitably studied.

In studying social valuations of use as processes taking place in "discursive fields," I have raised more questions than I have answered. The most urgent of these unanswered questions is "How to demarcate the boundaries of the discursive field?" This is a question I have only given partial answers to: By concentrating on the "regularities in dispersion" of discursive statements, by following relations of use-value, and hence, by suggesting to find the location of a discursive field by specifying the "problematic" that relates to a particular set of means-ends relations. Nevertheless, the field of discourse is much more complex than the archeological field, as traditionally understood, and one should be prepared to accept the fact that the boundaries of a field as such is not given prior to theory.

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