MARXISM AND MONEY IN DELEUZE AND GUATTARI'S *CAPITALISM AND SCHIZOPRHENIA*: ON THE CONFLICT BETWEEN THE THEORIES OF SUZANNE DE BRUNHOFF AND BERNARD SCHMITT

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In *Anti-Oedipus* (1972) the first volume of *Capitalism and Schizophrenia*, Deleuze and Guattari say that capitalism "is the only social machine that is constructed on the basis of decoded flows, substituting for intrinsic codes an axiomatic of abstract quantities in the form of money."[1] They go on to insist on a 'dualism' between forms of money in contemporary capitalism, pointing to "the importance in the capitalist system of the dualism that exists in banking between the formation of means of payment and the structure of financing, between the management of money and financing of capitalist accumulation, between exchange money and credit money" (ibid, 229/271; trans. modified):

> It is not the same money that goes into the pocket of the wage-earner and is entered on the balance sheet of a commercial enterprise. In the one case, they are impotent money signs of exchange value, a flow of *means of payment* relative to consumer goods and use value, and a one-to-one relation between money and an imposed range of products [...]; in the other case, signs of the power of capital, *flows of financing*, a system of differential quotients of production that bear witness to a prospective force or to a long-term evaluation, not realizable *hic et nunc*, and functioning as an axiomatic of abstract quantities (ibid, 228/271).

The distinction between two forms of money can be traced back to Keynes and beyond,[2] but starting with a 1971 seminar at Vincennes on the themes of *Anti-Oedipus*, Deleuze relates the distinction between the two forms of money and the issue of the relation of finance to production directly to the work of two contemporary economic theorists, Suzanne de Brunhoff and Bernard Schmitt:

> I would like to propose a principle: money, by its essence, plays as if on two tables, and it is the coexistence of the two tables which will be the most general basis of the mechanisms of capitalism. I will make use of two contemporary economists: Suzanne de Brunhoff (*La Monnaie chez Marx* [*Marx on Money*] and *L'Offre de monnaie* [*The Money Supply*], and a neo-capitalist economist who produces, without wanting it, a completely schizophrenic economic theory, to the point that it allows us to pose the problem: what is the difference between a text of scientific ambitions in the domain of economics and a schizophrenic text, when what is at issue is the mechanisms of capitalism? This economist, who has a lot of brio [*fougue*] and talent, is Bernard Schmitt, and I will be basing myself on his book *Monnaie, salaires et profits* [*Money, Wages and Profits*].[3]

What interests Deleuze, he says in the seminar, is that "Suzanne de Brunhoff, a Marxist, and he [Schmitt], not at all a Marxist, say exactly the same thing: that there are two forms of money acting on two different sets of consequences, the one concerning the level of finance, the other the level of wages" (ibid). Both authors also converge on the same themes: "the power that banking capital has on the very organisation of production" and the "impotence of the wage-earner" (ibid) in the face of it. In the seminar Deleuze thus brings to light a surprising identity or a shared proposition, concerning the duality of money in modern capitalism, between Brunhoff, a Marxist, and Schmitt, a 'neo-capitalist'. In *Anti-Oedipus*, Brunhoff's and Schmitt's ideas appear more woven together, and Schmitt is no longer labelled a 'neo-capitalist'. In the first section of this essay, we outline Brunhoff's approach to the duality of money, and in the second section, we turn to Schmitt's. It will emerge that the identity between the two approaches does not go very far, and that in fact Brunhoff and Schmitt are saying quite different things about the nature of money, the activities of banks, and the relation of the latter to the productive economy. In the final section, the incompatibilities between the two approaches are discussed, and Brunhoff's and Schmitt's ideas are deployed to make sense of some of Deleuze and Guattari's claims in the section of *Anti-Oedipus* devoted to economic theory, 'The Civilized Capitalist Machine'. It is suggested that Brunhoff's and Schmitt's theories shed light on different aspects of contemporary capitalism, and that each contains ideas that illuminate the recent programme of quantitative easing initiated in the aftermath of the 2008 financial crisis. But it is shown that Deleuze's attempt to join the details of the two theories cannot succeed, and that his identification of what Brunhoff calls the *money supply* with what Schmitt calls *money creation* is mistaken. It turns out that Deleuze and Guattari radically change their approach to economic theory over the course of the two volumes of *Capitalism and Schizophrenia*: in 1972, in *Anti-Oedipus*, they are in tune with Brunhoff's Marxist approach and remain critical of Schmitt, but in 1980, in *A Thousand Plateaus*[4], they end up unexpectedly affirming a version of Schmitt's theory. A justification will be sought for this shift, but none will be found. The conclusion will be that there are several quite different ways of reading *Capitalism and Schizophrenia* on the nature of money; but that Brunhoff's ideas, and Deleuze and Guattari's deployment of them in *Anti-Oedipus*, not only throw greater light on the structure and dynamics of contemporary money, but also provide powerful tools for understanding the economic turbulence of our times.

I. SUZANNE DE BRUNHOFF'S MARXIST THEORY OF MONEY

Suzanne de Brunhoff (1929-2015) produced a sequence of important works on economic theory from a Marxist perspective, starting in 1965 with *Capitalisme Public Financier* [*Public Finance Capitalism*], publishing in 1967 what remains her best known book, *La monnaie chez Marx* (translated as *Marx on Money* in 1976), a patient explication of what she takes to be the three distinct aspects of Marx's theory of money. Beginning with Marx's account in Volume I of *Capital* of how money is a necessary component of all economies based on the exchange of commodities between private producers (and hence exists prior to capitalism, which is more specifically based not just on exchange, but on the accumulation of capital through the extraction of surplus value in the production process), Brunhoff moves to an explanation of the role of money in the reproduction of an expanding capitalist system (elaborating on the transformations of money-capital and the structure of capitalist financing in Volume II of *Capital*), working in the last third of the book towards a synthesis of ideas from the assembled drafts of Volume III on the dynamics of loanable capital and the status of the credit system into a coherent and complex theory of money. *L'offre de monnaie* [*The Money Supply*] (1971), subtitled 'Critique of a Concept', analyses the use of the concept of the money supply in classical (Ricardo) and modern (Patinkin) versions of the quantity theory of money, as well as in post-Keynesian critiques of the use of the money multiplier in quantity theory (such as that of Jacques Le Bourva); it goes on to criticise theories of money based on finance (Gurley and Shaw from the neoclassical side and Hilferding from the Marxist side), arriving in the last third of

the book at an elaboration of the Marxist theory of money defended in *Marx on Money*, which then serves as a critical vantage point on contemporary forms of monetary "dissimulation", with particular reference to the response of French monetary policy to the events of 1968. Brunhoff went on to publish *La Politique monétaire: un essai d'interprétation marxiste* [*Monetary Policy: An Attempt at a Marxist Interpretation*] (1973), *État et Capital* (1976; translated in 1978 as *State, Capital and Economic Policy*), and the collection *Les rapports d'argent* [*The Relations of Money*] (1979), along with many essays; she remained active in the 21st century.[5]

Brunhoff arrives at something like the distinction between two kinds of money mentioned by Deleuze and Guattari towards the final third of *The Money Supply*, after she has distinguished her approach to money from, on the one hand, John Gurley and Edward Shaw's *Money in a Theory of Finance*[6], which interprets money in terms of financing, treating it as a form of debt, and on the other, Hilferding's *Finance Capital*, which also gives priority to finance as the driver of the capitalist system, but from a Marxist perspective.

> Analyses directly relating money to a structure of financing place themselves within a single perspective that dissimulates the particular character of monetary problems. In reality different structures are involved, those of means of payment and those of financing, and the problem is how they are related. If one attempts to install a direct relation, by situating money in a financial theory, one is obliged to use a quantitative conception of money, which takes on a functional character in such a way that the sole problem is that of regulating supply in relation to demand [...]. Another route can be chosen, one establishing an indirect relation between financing and money, by examining the formation of monetary conjunctures in which the relations of financing are adjusted insofar as they affect the usage of means of payment.[7]

Brunhoff promises a "dialectical" account of the relation between structures of financing and means of payment that takes account of the different kinds of money involved in contemporary capitalism, while nevertheless grounding them in a Marxist theory of money.[8]

In *Marx on Money*, which provides the theoretical foundations for the approach taken in *The Money Supply*, Brunhoff argues that it is fundamental to Marxist theory that the understanding of money be rooted in the logic of a commodity economy.[9] In a commodity economy, the relations of production (class relations, the distribution of property) are obscured, and privately produced commodities are "socialised" through exchange (cf. OM 119). For exchange to take place a general equivalent is required, initially for two reasons: to measure value (and thus to fix a standard for prices) and to function as means of circulation. Money, endowed with these two functions, is thus a crucial mediator in any commodity economy (which is thus characterised by the 'C-M-C' [commodity-money-commodity] relation). Marx does not begin with a barter economy and then add money to it; he begins with the idea of a commodity (or market) economy and the need that arises for a general equivalent.[10] Brunhoff draws attention to the way Marx derives the function of 'measure of value' from the concept of the general equivalent (MM 26). Marx says that "gold becomes the measure of value because the exchange value of *all* commodities is measured in gold, as expressed in the relation of a definite quantity of gold and a definite quantity of commodity containing equal amounts of labour time."[11] That is, gold serves as measure of value (and standard of price) *because* it functions as general equivalent.[12] Brunhoff then highlights Marx's argument (central to the *Contribution to the Critique of Political Economy*) that a primary dialectical conflict emerges between the two functions of measure of value and means of circulation. The two functions become "antithetical" in an economy based on a metallic standard, as with regard to its function as standard of price "when money serves solely as money of account and gold merely as nominal gold, it is the physical material used which is the crucial factor", but "when it functions as a medium of circulation, when money is not just imaginary but must be present as a real thing side by side with other commodities, its material is irrelevant and its *quantity* becomes the crucial factor."[13] Due to the fact that the more it is used in circulation, the less efficient (more worn down, more "demonetized") it becomes, metallic money is said to have a built-in tendency towards "dematerialisation" (MM 35, 37). This tendency results in hoarding (Fr: *thesaurisation*; Ger: *Schatzung*), which ushers in the third function of money, as object of a specific demand.[14] Metallic money is therefore

not enough by itself to support a stable system of exchange. Brunhoff argues that for Marx, money "properly so-called" only emerges with the intervention of the credit system, which embraces a wider range of 'means of payment' (MM 44): "acceptances, bills of exchange, banknotes, and cheques, in short, *all evidences of debt*, whether used only between merchants or monetized by the banks and used as a medium of circulation" (80).

However, the credit system has an independent, pre-existing basis, and obeys a fundamentally different logic—hence the need to speak of another 'kind' of money. Brunhoff points out that Marx fully acknowledged that "credit-money [...] does not have the same circulatory characteristics" as the money involved in commodity exchange (OM 119). In the *Contribution to the Critique of Political Economy*, Marx discusses how in the case of "a more advanced form of money" like banknotes, we find "that the conditions governing the issue of money determine also its reflux."[15] He refers back to the schema of flux and reflux identified by Tooke and John Fullarton.[16] When loans are issued, a 'flux' of money pours into the account of the enterprise or individual which borrows it; when the money is paid back or the debt settled, there is a 'reflux' to the lender. The reflux returns to the source whence it came, and nowhere else; and the circuit is closed—it starts with a flux and is extinguished with a reflux, implying no further movement. In simple money circulation, on the contrary, "it is a matter of chance whether a particular buyer becomes a seller once again. Where actual circular motions are taking place continuously in the sphere of simple money circulation, they merely reflect the more fundamental process of production, for instance, with the money which the manufacturer receives from his banker on Friday he pays his workers on Saturday, they immediately hand over the large part of it to retailers, etc, and the latter return it to the banker on Monday" (ibid; cited in OM 120). This simpler kind of money "circulates as a function of the circuits of exchange of commodities and does not itself form a closed circuit at the level of simple circulation" (OM 120); the circulation does not have to end where it began, and in its character of endless exchange, can be treated as a reflection of the operations of the productive economy. As well as the difference in the mode of circulation, Brunhoff suggests, there is a further difference in the modes of "socialization" involved in the two forms of money:

> Unlike the preceding kind, credit money reflects certain social relations in a more direct fashion. It is born in the relation between bank and commercial trader or entrepreneur. This private relation becomes a social relation of exchange when the operations of financing of commerce and production make the money created by an initial accord between bank and borrower circulate like a means of payment. It becomes a simple private relation again at the end of the process, when the debt [*créance*] is extinguished. Here, instead of money appearing as an element of the 'socialisation' of operations carried out by private economic agents, it only itself becomes a 'socialised' element because of the operations of production or commerce that it serves to finance. Otherwise it remains a simple private convention between bank and borrower. But it is this convention which gives to it its circulatory movement, which results from the fact that it must flow back by reason of its very conditions of emission (OM 119-20).

With the first kind of money, "even though it is an abstraction in relation to the social processes of production" (120) (class and property relations), money has an "immediate" social validation as the power of purchasing commodities. But with credit money, the social relation involved is initially a specific, *private* relation, and is only truly 'socialised' *after* the loan has been established. How does this happen? Only by looping through the real economy: the loan has to be put through a "mutation, in the course of which it takes then it loses its value as instrument of exchange" (ibid). The enterprise that takes the loan can only pay it back with interest if it can make a profit by investing it in a productive process; this means turning the money into means of payment for workers. Similarly, the trader can only cover the interest on the loan by converting it into means of payment in the course of his transactions. Thus whereas the first form of money is socialised immediately through exchange, the second form is socialised in an indirect or mediated manner, either through production or the trading of goods. Brunhoff's attention focuses on this 'mutation' from one form of money to the other, which, given the tendency towards the dematerialisation of money, assumes a central role in modern monetary economies.

Having identified the two basic forms of money, Brunhoff's interest is directed toward how they are actually combined in market or commodity economies. Although credit money can be said to have independent roots to the money used in exchange, *within* a commodity economy, the use of credit money brings new complications and specific problems with it. We saw that Marx suggested that economies using banknotes have already shifted away from the model of exchange to the model of flux and reflux. So when printed money is introduced to replace gold, how is this effected? (OM 121). Does paper just take on, without interruption, the characteristics of metal money in the first kind of circulation? No: money is given a new foundation at the same time: not on the 'credit money' of banks pure and simple, but on a system composed of three parts: banks and enterprises, and underpinning both and functioning as 'pivot'[17] of the system, a central Bank, which issues notes and coins and also, crucially, guarantees a "reciprocal convertibility" between the diverse kinds of money: not just bank notes and coins, but also the credit flows or fluxes (bills, cheques, etc.) that circulate between commercial banks and enterprises. "The functioning of the credit system implies that there is reciprocal convertibility of different kinds of moneys in usage at any given moment" (OM 123). In a system that includes credit money, money can only assume its function of being "a general equivalent of homogeneous character" when "its convertibility into any commodity whatever is in correlation with the convertibility of different sorts of money between each other" (OM 9).

Gold survives in such a system by retaining its function as internationally accepted money, and as Brunhoff later shows at length in her work on the Nixon crisis in *La politique monétaire*[18], it retains a crucial significance at the level of the global economy. She contends that the value of State money is in fact expressed, "in a derived and negative manner", in the exchange-rates of different currencies and in flights of gold as international money, which can devalue national currencies and "alter the conditions of convertibility between equivalents" (OM 122). But internally to national economies, the nature of the 'value' of money is altered by the introduction of the credit system into the commodity economy. Internally, credit money does *not* have to be fully convertible back into one particular kind of money (gold or silver); the field of moneys is much larger, and what matters is securing the coexistence and survival of *all* the kinds of money. In fact, the different kinds of money only have to be actually convertible into each other under certain specified conditions (such as the 'mutation' of loans into wages). The reference point for value is thus "displaced": money "no longer has a base fixed directly by social labour" (123); even if one argues that the quantity of money needed in the economy can be determined outside the monetary sphere, at the level of production, the introduction of different kinds of money into the system, and the guarantee of convertibility between them (122), implies that the reference point for the value of money becomes lost in "a permanent movement of confrontation and modification of equivalences" (123). Convertibility requires the existence of a central bank as 'pivot' of the credit system, and specific institutional relationships between central bank and commercial banks that guarantee liquidity in credit crises. "Scriptural money (sight deposits in the banks) is attached to central money (bills and reserves of banks in the central Bank)" (121). There is consequently 'a specialisation and a centralisation in the system of monetary emission' (123):

> The structure of means of payments is dominated by the role of central money which guarantees the homogeneity of moneys even though these are emitted in decentralised fashion starting from an indefinite series of private relations between banks and borrowers. The centralisation of the guarantee of convertibility goes hand in hand with the decentralisation of emission.
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> This is why the very notion of monetary mass can only have meaning relative to the workings of a system of credit in which different kinds of money are combined. Without such a system, one would have only a sum of means of payment that would have no access to the social character of the general equivalent and would only serve in the local private circuits. Only in the centralised system can the different kinds of money become homogeneous and appear as the components of an articulated whole (OM 124).[19]

Quantities of money are emitted by banks "in a decentralised fashion", but in a system not only "geared in such a way to assure the equivalence of moneys between each other" on the interior of the economy, but also to confront the pressure of foreign currencies and international flights of gold from the outside (OM 122). Since money as a whole is submitted to the necessity of convertibility, it becomes subject to an interplay of forces monitored and managed by 'monetary policy' [*politique monétaire*][20] (123), for which the overriding aim is the maintenance of convertibility. Thus while it remains true that money is "a category tied to that of commodity, the one and the other implying the socio-economic relations proper to the commodity economy' (9)", "it is in the monetary sphere, in the relations of moneys between each other that the problem of the reference-value of money is settled" (122).

So for Brunhoff the question of the *value* of money becomes subordinated to the question of how the combination of the two forms of money is effected. Brunhoff's dialectical approach allows her to criticise various previous analytical approaches to money as one-sided. When money is analysed as means of exchange (as for instance in classical Ricardian conceptions), the specific financial relations of flux and reflux are "dissimulated" (110); but when finance is put in the foreground, its relation to function of money in the exchange of commodities is in turn dissimulated (OM 110; cf. 114). But neither form of money can be reduced to the other: they obey different laws. Rather the task is to understand how they are related and combined, and to ascertain if there is a further dialectic to be discovered in the tendentially dematerialised system of money.

In the last part of *Marx on Money* Brunhoff proposes that in Volume III of *Capital* Marx was working towards a "unitary concept of credit", which "includes the financial structures (markets and credit institutions) and their cyclical role in an interpretation tied to the unique properties of money and money-capital" (MM 76). Towards the end of the book, she identifies a cycle proper to the credit system itself, suggesting that the need to expand the credit system while holding off its collapse becomes the dominant contradiction in advanced capitalist society. As the credit system expands, it becomes more prone to disequilibrium, which causes it to 'contract' (and regress) into a form of commodity money. If credit evaporates, there is a flight to gold, and "a contraction of the functions of money into just one, that of money as object of hoarding" (MM 117). Thus the need for the banking system to "preserve a 'monetary base' embodied in the gold reserve of the central bank." Brunhoff's depiction of a system oscillating between gold and paper credit is borne out by the recent crisis, which saw gold prices rocketing from around £350 an ounce in 2006 to almost £1200 at the apex of the crisis in 2012. Rather than functioning as the 'commodity' base of the monetary system (or proving that gold is the only 'sound money') rising gold prices served as an alarm signal, calling for the response of 'monetary policy', with their fall measuring the success of that policy.

But now we need to introduce a crucial factor into the picture that has been left out so far in order to concentrate on the problem of the two forms of money. A *capitalist* economy is not just a commodity economy, but is governed by the formula M-C-M': in capitalism, it is not only that *exchange* takes place in order to make money, but that commodities themselves are *produced* in order to accumulate further capital. If we introduce the dynamic of accumulation, the problem of maintaining the convertibility of kinds of money comes to life. In the middle section of *Marx on Money*, Brunhoff focuses on the dynamic role of money as capital. In a short article on 'Fictitious Capital', she notes the emergence of a "cycle of loaned capital" on the basis of capitalist financing.

> [P]roductive capital, the value of which is created by labour, appears in diverse forms—first that of money capital, which is necessary for the payment of wages and the purchase of capital goods. This money capital, which is owned by a capitalist, may be loaned by a financier to an entrepreneur. Interest is payable, but this is solely a financial revenue derived from gross profit and has no 'natural character'. According to the M-M' formula (expressing the cycle of loaned capital), "capital seems to produce money like a pear-tree produces pears", divorced from the process of production and the exploitation of labour. This is why, according to Marx, interest-bearing capital is the most fetishised form of capital.[21]

The accumulation and concentration of loanable capital leads to the formation of a layer of capital Marx identifies as "fictitious."[22] Despite the illusory nature of this layer of capital, "the issue of bonds provides the right to a part of the surplus which will be created by future work" (ibid). Production can and does end up being directed by fictitious capital. Given the dematerialisation of money, crisis now becomes a permanent possibility.

Brunhoff situates her account of the relations between central Bank, commercial banks, enterprises and workers in the theoretical context of Althusser's 'materialist', non-Hegelian version of the dialectic, based around the dual action of contradiction and overdetermination (OM 12).[23] The financing of capitalist enterprises and its irregularities, the tendency of money to devalue (inflation), as well as the arcane theoretical entity known as the 'money supply', all need to be understood within their particular historical "conjunctures", and their overdetermined aspects correctly identified. The money supply provided by banks, for instance, is not a neutral quantitative datum, but only appears *as* the 'money supply' in particular kinds of conjuncture.

> [T]he notion of the money supply does not have meaning as a global quantity emanating from a sector of financing more or less homogeneous to other economic sectors, or as the specific product of a group of financial agents of which one could reconstitute the economic motivations. Its signification should be sought at the level of particular conjunctures, where a 'supply' is only formed in relation to a monetary policy [*politique monétaire*], so that there is no purely economic phenomenon disclosable as the money supply, independently of a political 'over-determination' (OM 12; cf. 110-11).

The idea that the money supply and the money stock (the sum of money taken at a given point of time), are both derivative forms goes back to Tooke, on whom Marx partly bases his own critique of Ricardian quantity theory.[24] For Brunhoff, the money supply is not something existing independently, like a source or fountain of money subsisting in some ontologically rarefied way at the centre of commercial and/or central banks (we will see in a moment that for Schmitt bank money precisely has this magisterial ontological independence). Rather, given that the central function of the provision of liquidity by banks is to stop credit crises turning into banking crises (OM 128-9), the construct of a ready 'money supply' exists primarily to support this function; indeed, one only ever encounters the 'money supply' in its pure form (in the form of what we currently call 'quantitative easing') during emergency responses to crisis (cf. OM 148).[25] As well as only appearing in specific conjunctures, the methods used in 'monetary policy' are limited for the further reason that the time lags involved before any change in credit policy takes effect in the economy mean that it is not possible to make linear causal connections between events and the monetary policy reaction to events.[26] The last part of *The Money Supply* details the limited effects had by monetary policy in the wake of the events of 1968; there, the Bank adopted a liberal credit policy, but this exacerbated the flight of the franc set in motion after May, as well as boosting spending, having the overall effect of weakening France's reserves; the resulting 'crisis of confidence' was not solved by monetary policy alone, only by general policy (ie. politics) (OM 145).

Brunhoff stands by Marx's insight that money is the form of value become "dazzling".[27] In *The Money Supply*, Brunhoff identifies various levels of dissimulation at work in contemporary money. She does not find any dissimulation in the basic economic form of money as general equivalent, but contends that it does "dissimulate its own character of *social* relation" (OM 10, italic added). Even in a basic commodity economy, money is not just an economic relation, but a "specifically social relation dissimulating the relations of production and reproduction of capital" (ibid, 110; cf. 10). Thus, at a first level, money dissimulates the relation of labour to value and prices, the social relations in a commodity economy, and the relations of production or class relations. But insofar as the credit system now supports the monetary system, and accumulation becomes increasingly financial, there is a second level of 'dissimulation', this time of the complex relations between the two kinds of money. As we will see in a moment, Deleuze interprets Brunhoff as claiming that the very attempt to guarantee the convertibility between the two kinds of money involves a dissimulation of the difference in kind between the two forms. However, it is not clear that she thinks convertibility itself is a dissimulation. The function of convertibility follows from the extension of the general equivalent. When Brunhoff says that "the duality [of

the two forms of money] cannot be reabsorbed for it corresponds to the nature of money as a specific social relation dissimulating the relations of production and of reproduction of capital" (OM 110), there appear to be two thoughts at work: first, that the duality in question cannot be reabsorbed because the two forms of money are fundamentally different; but, second, that since the duality concerns money, and money is intrinsically dissimulatory, the two forms dissimulate themselves and their relation to each other. There is thus dissimulation in the "mutation" that occurs in the loaning of capital to enterprises, during which money "takes then it loses its value as instrument of exchange" (120). On the one hand, the money that is paid to workers appears to them as an instrument of exchange; but it has descended from another level, that of finance; and it is part of a financial circuit of which they are not aware; nor are they aware of any of the pressure on commodity prices resulting from the interplay between banks, central Bank, and enterprises. On the other hand, the dependency of financial reflux on conditions in the labour market is dissimulated. The two sides threaten to come apart; and this also must be dissimulated. There is also another aspect to this level of dissimulation. The dependency of financial capital on the State, particularly when this dependency becomes fully visible, as in the injection of liquidity into the money supply during quantitative easing, also needs to be dissimulated. There is thus dissimulation in the way "the private character of economic agents manifests itself as such in opposition to the public character of a central action intervening at the aggregate level" (OM 134; cf. 142). The latter masks the indeterminacy of the supposedly 'public' norms or criteria for regulating the money supply, as well as the status of banks as private entities which want to stimulate demand; while the supposedly 'private' agents mask the fact that they are investors with money capital who are deeply dependent on the banking system. Finally, in the response of monetary policy to events in the economy, dissimulation emerges due to the time-lags involved in the penetration of credit into the economy. The mutually interlocked nature of the relationships concerned means that any presentation of purely objective data in the relation between monetary policy and economic or political events is misleading, and itself subject to further dissimulation.

In his 1971 seminar on Brunhoff and Schmitt, Deleuze presents Brunhoff as arguing that, in the light of the distinction between the two forms of money, capitalism "installs a fictive convertibility, notably between the two kinds of money":

> This convertibility is completely fictive: it depends on the relation to gold; it depends on the unity of the markets, it depends on the rate of interest. In fact, it is not made in order to function, it is made, according to Suzanne de Brunhoff, in order to dissimulate the capitalist operation. The fictive convertibility, theoretical, constant, of one form of money to another, assures the dissimulation of how it works. What interests me in this concept of dissimulation, is that at the level that Brunhoff analyses it, it is no longer an ideological concept, but an operational or organisational concept, ie. the monetary circuit can only function on the basis of an objective dissimulation: the convertibility of one form of money into another.

In fact, Brunhoff does not use the term 'fictitious' to describe convertibility. Her view is that "the functioning of the credit system implies that there is reciprocal convertibility of different kinds of moneys in usage at any given moment" (OM 123). Convertibility is the way in which money becomes "a general equivalent of homogeneous character" (OM 9) once the need to combine exchange money with credit money is acknowledged. Deleuze implies that convertibility itself dissimulates how the "capitalist operation" really works. Deleuze is right that Brunhoff presents a series of external factors, such as the relation to gold and the level of interest rates, on which convertibility depends, thus multiplying the variables involved and making the realisation of convertibility more precarious. But this does not mean that convertibility itself is fictitious, just that it is unstable and prone to collapse. Convertibility is a logical implication of the general equivalent in an economy that combines metal and credit; whether the levers of monetary policy are sufficient to actualise it at any given point it is a distinct issue. Moreover, Brunhoff seems to treat the problematisation of the notion of value that results from the introduction of the logic of credit as real: the 'law of value' identified by Marx henceforth only strictly holds at the international level, whereas internally to productive economies, it is subjected to the vagaries of 'monetary policy'. The dissimulation lies in the attempt to cover over the instability of the contem-

porary arrangement, in the way the interdependency of finance and production is hidden by attempts to reduce one to the other, and in the susceptibility of the system to crisis. The dissimulations all conspire to conceal the dominant contradiction in financialised economies: the instability of credit, and the liability of credit crises to turn into banking crises. The tendency for modern money to dematerialise provides the conditions for monetary dissimulation, but also, whether in the contraction of money back into gold, or the speculative mania of credit expansion, the conditions for the unravelling of that dissimulation in a crisis and subsequent depression. In the light of the recent financial crisis, Brunhoff's theories demonstrate a clear explanatory value. They point to an underlying cause of the crisis (dematerialised speculative bubbles), to the specific character of the mechanisms used by the State to control the crisis, and by virtue of her Marxist position, provide ways of interpreting the manner in which the expansion of the money supply is a way of protecting capitalism; it becomes easier to understand how austerity for the poor, for workers, students, the disabled and the young, is the inevitable consequence of the mechanism of quantitative easing, which exists primarily to support financial capital and to provide a cushion for enterprises no longer willing to risk investing in production.

II. BERNARD SCHMITT ON MONEY CREATION AND PURCHASING POWER

Given Brunhoff's Marxist aims, it is striking that Deleuze and Guattari say that she could be saying the same thing as a "neo-capitalist" (Bernard Schmitt). What does Schmitt say about the dualism of money in modern capitalism? Deleuze says that Schmitt also "fully recognises the two forms of money, and tries to define them. The one, he says, is a pure creative flux—one already senses here that the fundamental phenomenon in capitalism is what the bankers call the 'creation of money'"; the other, means of payment, is according to Schmitt derived from the former (1971 Seminar). The suggestion that money creation is fundamental to capitalism, and that in contemporary capitalism it is logically prior to money as means of payment, already points away from Marxism towards another climate of thought. Let us now examine Schmitt's approach to money.

Bernard Schmitt (1929-2014) studied at Cambridge with D.H. Robertson and Piero Sraffa in the 1950s. After publishing *La formation du pouvoir d'achat* [*The Formation of Purchasing Power*] (1960), he produced his major theoretical work, *Monnaie, Salaires et Profits*, in 1966. His other works include *L'analyse macroéconomique des revenues* [*The Macroeconomic Analysis of Revenues*] (1971), *Macroeconomic Theory: A Fundamental Revision* (1972, in English), and *Théorie unitaire de la monnaie, nationale et internationale* [*A Unified Theory of National and International Money*] (1975). In his assessment of Schmitt's economic theory François Rachline claims that *Money, Wages and Profits* announces a radical departure from classical and neoclassical tradition, where "money is a good comparable to all other goods, is a stock, and is of the nature of an acquisition", and arrives at a novel conception of "active/passive, dematerialised, money", understood as "a flow [*flux*] of essentially circulatory nature".[28] Schmitt's work has influenced post-Keynesian economic theory, particularly the variant known as 'circuit theory', recently given a concise presentation by Augusto Graziani in *The Monetary Theory of Production* (2003).[29] But *Money, Wages and Profits* can also be seen as a pioneering attempt to synthesise Keynesian ideas about money with Piero Sraffa's attempt to move beyond the neoclassical theory of value and ground prices in the sphere of production rather than exchange.[30] In contrast to Sraffa, Schmitt gives prominence to the role of banks and money creation in economic circulation; but Schmitt's vision in *Money, Wages and Profits* is nevertheless deeply imprinted by his reading of Sraffa's work on Ricardo, and in the last third of the book, his argument depends on a conception he discovers in Ricardo's letters to Malthus—that the national product has to be treated analytically as an undivided whole, and not as a composite of separately existing elements of wages, profits and rents (as Adam Smith had thought). Schmitt's claim is that banks initially create a flow of money to enterprises that is only "charged" or "enriched" with the key property of 'purchasing power' once it becomes a nominal sum of wages for workers in enterprises (who then buy the current product of the enterprises); according to him, profits only emerge through a 'capture' of income or revenue by individual enterprises from this nominal sum of wages. The equivalence of the nominal sum of wages with the sum of commodities produced, he argues, is the necessary condition for the integration of banking money into the real economy. The major intellectual hurdle that faces the reader of *Money, Wages and Profits* is not so much its theory of money creation (which is indeed baroque and counterintuitive, but is

an illuminating account of a process that obviously has no model in nature or society), but rather his attempt, following in the footsteps of Sraffa but going beyond him, to revive insights from David Ricardo, the 'prince' of classical economists (and adherent to the labour theory of value, which Schmitt rejects), about the gross national product, and to fashion a new meaning for them in the context of modern monetary economies. Schmitt's way of relating money to the productive economy is original and challenging, and despite his influence on circuit theory, his major theses about this relation do not seem to have been widely discussed.

The Problem of Integration

The opening paragraph of *Money, Wages and Profits* lays out Schmitt's historical perspective, according to which economic theory is understood to have undergone a scientific revolution in the abandonment of the classical theory of labour value.

> Although the 'Prince of Economists', David Ricardo, began his inquiries with the study of money, the foundation of classical economic theory is in value and not in money. If a standard of value exists, Ricardo precisely denies that it can be found in money, whether it is fiduciary or even metallic. One must go deeper and find labour, chronometric principle of all value, real or nominal. From the 1870s, the economists known as 'neoclassical' rejected Ricardian value, for, like the 'ether' of physicians, it is absolute and mythical, whereas all effective value is relative. In spite of this revolution of thought, economic science continues with an unchanged method: the notion of value must precede everything. [Now], *subjective* value dictates its laws to different markets until the attainment of general equilibrium. But how should money be introduced? (italic added)[31]

Neoclassical economics liberated economic theory from the hold of a "mythical" concept, absolute value, just like the Michelson-Morley experiment and Einstein's relativity theory liberated physics from the concept of 'ether'. Neoclassical theory started from "zero absolute value", "*denying all value which cannot be projected by subjects*. This procedure is the basis of the model of general equilibrium" (MSP 95). The problem of the 'objective' character of values is dissipated by analysis into marginal utilities, which become formulated within a schema of general equilibrium between supply and demand.[32] Schmitt's analogy between 'value' and 'ether' means that he cuts loose from Marxism, as well as from Ricardian labour value theory. As is indicated in the passage just cited, his problem will be how money fits into the new framework.

Money, Wages and Profit has three main parts. In the first part, Schmitt argues that neoclassical economic theory cannot provide a basis for an explanation of money and its effects on the real economy. Money cannot be 'integrated' with the value theory found in neoclassical economics. Walras's theory ultimately treats money as a facilitator of exchange, secondary to the real economic forces of supply and demand, as neutral in its effects, and hence as merely a transparent 'veil' over the real economy (cf. MSP 217). Keynes' work resulted in a keener awareness of the difference between money that resides in banks and money that is active in the real economy; the concept of 'liquidity preference' showed how there was a choice between different ways of holding money (ibid, 218): money can be saved, invested, or converted into possessions. Keynes also showed how money has real economic effects, for instance through the activities of banks, the sale of government bonds, the role of credit, and the raising and lowering of interest rates. The first part of Schmitt's book is a critique of Don Patinkin's *Money, Interest and Prices*, which presents itself as an attempt to 'integrate' post-Keynesian monetary theory with 'value theory' (where 'value' means the subjective value of neoclassical theory). Patinkin's approach is to contend that money should be seen as another kind of good, there being a 'demand' for money that is not different in kind to the 'demand' for goods. Using a broad definition of money (influenced at this point by Gurley and Shaw's approach to money, as well as by the 20th century reworking of the quantity theory by Irving Fisher and Milton Friedman),[33] Patinkin appeals to the concept of 'real balances'—'the real value of initial money holdings—that is, the purchasing power over commodities which these holdings represents' (MSP 17)—to support a revised quantity theory of money. Schmitt identifies various problems in Patinkin's argument, some rather technical and others relating more to the basic concepts of monetary theory. He focuses on

several interrelated questions. What is the basis for the distribution of initial money holdings (58)? Don't 'real balances' ultimately function as a kind of *deus ex machina*? How does money acquire the 'power' of purchase, if absolute value no longer exists? Patinkin, he argues, crucially fails to differentiate "the purchasing power of money from the *formation* of this purchasing power."[34] But "by what precise operation is fiduciary money charged with a positive purchasing power?" (82).

The Heterogeneity of Money and Goods: Schmitt's Theory of Money Creation

With these questions unanswered by Patinkin's attempt at integration, there is a sense of beginning completely anew in the Part Two of the book. The heterogeneity of money from commodities must be affirmed, urges Schmitt. Its integration must be sought in a different way to the one outlined by Patinkin. Schmitt now taps into the tradition already mentioned in the previous section, originating in Adam Smith's distinction between transactions between dealers and between dealers and consumers, and elaborated in the nineteenth century by Tooke, Newmarch and Fullarton, the last of whom, as we saw in the last section, developed Tooke's theory of money circulation in banking into a theory of 'flux and reflux'. This line of thought continued in the early twentieth century with Ralph Hawtrey (*Currency and Credit*, 1919) and can be seen as leading to Keynes (in particular to his *Treatise on Money*, 1930). Marc Lavoie suggests this tradition is taken up once more by the post-Keynesians, who theorise "a monetary system that has been developed by bankers for centuries, based on scriptural means of payment, but which has been neglected by the mainstream as a result of its obsession with commodity money."[35] The idea that money should *primarily* be thought of as a debt was developed by Keynes in the *Treatise on Money*, which Schmitt cites. First of all, "money-proper in the full sense of the term can only exist in relation to Money-of-Account"[36]; but in order to become effective, money must not only take on the form of debt, as a relation of promise and settlement, but be a debt that is 'emitted' by a particular kind of institution, a bank.[37] Particular promises made by individuals cannot serve as money, only promises made by and to banks circulate as means of payment. Schmitt points to the fact that on notes of the Bank of England, one reads of a "promise to pay the bearer one pound sterling." He says that on the face of it, one should infer that the note is a mere promise *of* money, and that the 'true' money is not the note, but the 'pound' which is promised. But if one takes the note to the Bank of England, one will not get something called a 'pound' (which, on the assumption of convertibility of paper into gold, would amount to a tiny speck of gold). Actually, he says, "the promised pound has no positive existence at all; it is *of account*, and the only tangible money is constituted by the note itself. Progressively in history the promise has *taken place* of the thing promised: it identifies itself with its own object" (MSP 156-57, italics added).

Conceiving money on the model of a promise has implications for both the issuing and loaning of money by banks. Money loaned is effective as means of payment from the moment of the promise; enterprises can spend it straightaway, without giving anything back immediately to the bank. But even if the loan is not "nourished" by a money already formed and which pre-exists in the real balances of the bank, the "self-endebting" of banks still "spontaneously" creates money: "*it is constitutive of money*" (166). Modern money functions as "a freely circulating debt" (160). It follows that it should not be taken as a 'mass', but as "a reality in perpetual flux and reflux" (ibid). Money is understood "as a flow rather than a stock"; and as an "endogenous variable that can be created and destroyed."[38] In Tooke and Fullarton's sense of 'flux' and 'reflux', the 'flux' of loaned money cancels itself by the 'reflux' of repayment. The creation of money is followed by its 'destruction'; debts that were created are extinguished at settlement. But Schmitt's conception of 'flux and reflux' is distinctive, first in that Schmitt treats *all* money on the model of flux and reflux, and second in that he applies the schema to the relation of banks to the productive economy *as a whole*, so that the 'flux' generated by the banks as a whole is seen as being compensated by a 'reflux' that is channelled through production and the payment of wages as a whole. Moving beyond Tooke and Fullarton's framework, Schmitt claims that the fluxes that run from banks to enterprises undergo "mutations": from the creation of money by the banks to its transformation into purchasing power for workers, the selling of products by enterprises and the final reflux to the bank, money changes form in various ways and must be understood as a "mutant flux". Schmitt's strange language here no doubt influenced Deleuze's suggestion that *Money, Wages and Profits* taps into a latent 'schizophrenia' at the heart of capitalism.

Schmitt first of all argues that money has undergone various *historical* "mutations" (MSP 122). Early on, the functions of unit of account and means of payment were separate and involved different commodities. Once it was understood that metallic money (gold or silver) could be voluntarily (through seignorage) or involuntarily (through coin clipping) devalued, a "fictive" counterpart was sought that could stand in for metal as a means of payment. A gradual "mutation" came about, in which commodity money was subordinated to bank credit; finally, "all contemporary money" becomes "a form of debt" (160). There are similarities here with Brunhoff's account of the dematerialisation of money, but they are superficial. Schmitt shows how this process takes hold of money by focussing in on the logic of bank deposits. Take a simple model of bank deposits. In return for lodging metallic money at the bank, the bank gives to the depositor a certificate of deposit. Now assume that both the metal and the certificates of deposit can serve as means of payment. This leads to four primary possibilities. The bank could keep the metal, and the depositor could keep the paper to himself; the transaction would be 'sterile', engendering no further effects. But the bank could also keep the metal, and the depositor could use the paper as a means of payment. Alternatively, the bank could loan the metal to someone else, while the depositor keeps the certificate. But consider the fourth possible case, where the bank loans out the metal and the depositor uses the certificate as means of payment. The following diagram (from MSP 127) tabulates the possibilities:

	Deposited Metal	**Certificate of Deposit**
1st case	Reserved	Reserved
2nd case	Reserved	Spent
3rd case	Lent	Reserved
4th case	Lent	Spent

For Schmitt, the fourth case is the hinge point of modern banking, and reveals "the trait that distinguishes [modern money] positively from the preceding forms": that it can be conceived as "pure banking debt" (153). This case, in modern money, functions as the *norm*, and the ratio of reserves that banks hold is calculated in reference to it. In other words, money creation is *a priori* built into the logic of banking. A kind of "miracle" is accomplished: "money acts in two directions *at the same time*: metallic, it exercises its power of exchange to the profit of the borrower; fiduciary, it keeps the same power in the service of the depositor. *The same money is effective twice over, since the actor and his double play at the same time*" (128).

The point can be clarified and developed further by analysing the term 'deposit', which Schmitt claims is unfortunately used (particularly in Anglo-Saxon theory) to "designate two quite distinct operations" (157). *Strict* deposits, Schmitt argues, must be distinguished from *initial* deposits. "The strict deposit is a sum deposited in the bank; it prepares a mediating activity, the transmission of deposits". The strict deposit can be analysed into the loan of a specific, actual possession: "the client cedes his actual possession against a future possession" (158). But in the fourth case above, the money involved is lent and spent at the same time. There is no prior fund that is then loaned, and banks no longer have a merely mediating function, but a "creative" one; the deposit is of a different nature, which Schmitt calls 'initial'. In the latter case, one must speak of "creation rather than multiplication" (the latter which assumes strict deposits) (187, 200), and of creation strictly speaking, that is, "creation *ex nihilo*" (159). Banks engage in "two activities, of creation by initial deposit, and of mediation when it transmits a strict deposit. These two roles are distinct; and one can go further: *they are separated at every point*" (159).

Schmitt wants to show that whilst many theorists are nervous about the idea of money creation,[39] "there is nothing frightening about creation" (188, 200). Having shown that banks do create money, and, by their nature, cannot *not* create money, Schmitt claims that this model of pure money creation (exemplified in initial deposits) can help us to understand the functioning of the entire economy, including the productive economy. He asks us to consider the two types of deposit "at the moment of their formation": "The strict deposit does not make the bank a creditor to the productive economy. The sum deposited (or another in its place) is owed to the depositor" (159). But with the initial deposit "the bank becomes simultaneously (by the same operation) a creditor and debtor of the productive economy". It endebts itself and puts credit into the enterprise's account. The act of creation thus has two outcomes: the 'negative' debt in the bank and the 'positive' credit in the enterprise:

> The lending of previously inexistent money: this is exactly the definition of a true creation (*ex nihilo*). Instead of transmitting a previously existing money, [...] the banks simultaneously induce a negative money (debt inscribed on their own liabilities) and a positive money (claim of the productive economy on the banks) (235).

Recall the problem with which Schmitt started in *Money, Wages and Profits*, and which he saw Patinkin as attempting to address, that of how to 'integrate' money into the real economy. Schmitt's claim is that recognising the heterogeneous character of money (ie. its difference from other commodities), and holding fast to the notion of 'creation', paradoxically provides the solution to the problem of integration. Schmitt argues that the integration of money with the economy happens at a much deeper and more structural level than the neoclassical economists believe: it occurs in the relation of the banks to the productive economy, and in the remuneration of workers with *wages*. "Money being from its birth heterogeneous to produced goods, integration is produced through a new operation, well known, if not in its effects: the remuneration of the factors of production" (216). The remuneration of workers is thus the missing link in the quest for integration, and the hidden condition for the activation of modern money. Banking money is powerless, or without "charge", unless it is transformed into the positive power of purchase, or "money-revenue" (182, 199).[40] The flux of credit can only be 'charged' by entering a productive process and becoming 'purchasing power' (wages) for workers.[41] Against neoclassicism, Schmitt argues that money is integrated with the economy through the system of production, rather than in the process of exchange; and that the mysterious 'purchasing power' of money doesn't descend from heaven, but is the effect of a very specific interaction between banks, enterprises and workers that occurs across whole economies.[42]

This, according to Schmitt, allows us to see why money creation is nothing to be scared of. At the macroeconomic level, money creation is negative in the bank and positive in the productive economy. We arrive at a global view of the circulation of the economy, with the creation *ex nihilo* of money being matched by the creation of goods and the payment of wages to buy these new goods, and with the assets and liabilities of banks and enterprises nevertheless ultimately cancelling each other out. The notion of creation is thus not just the key to understanding the 'integration' of money into the real economy, but also to understanding how in modern capitalist economies money inexorably becomes "*entirely* the creature of banks" (200, italic added).

The Integration of Money through the Formation of Purchasing Power

Schmitt's schema is as follows: The banks create *money* and put enterprises in credit; the enterprises then 'charge' the money by transforming it into *wages* with a purchasing power calibrated to the range of currently produced goods; finally, by selling products to workers, the enterprises generate a reflux of money to the bank and, somehow, at the end of the circuit, yield *profits* for themselves. *Money* → *Wages* → *Profits*. Let us start by working through the money-wages relationship.

Recall the problem of the formation of purchasing power. "In classical and neoclassical theory money is conceived as a power of purchase, either exercised (money in action in purchases), or held in reserve (money waiting in coffers)" (MSP 10). Schmitt contends that no account has been given of the formation of this power. How do coins, notes, etc. become 'endowed' with their mysterious power to command commodities? With his starting point now established in a theory of money creation by the banks, these questions can be sharpened. If monetary creation is primary, how does 'newly born' money *assume* the power of purchase? At its birth in the bank, at the instant of its projection, money can still be thought as a "personal" or "subjective" bond between borrower and lender. The bond goes "from subject to subject", and does not concern products (199). "In this first state, *statu nascenti*, money exercises no power over real goods". In order for newly emitted debts to assume the power of purchase, some sort of "objective bond" must be in place. The question becomes: "How, from personal debt, does money form itself into a real claim?" How, "from being a personal claim" (256), involving a "debt without object" (301), does it become a "*right over products*" (256), "a *real* claim on products that have appeared"? Beyond the subjective bond between lender and borrower, there must be an "objective bond between money and real goods" (ibid). How is this objective bond established?

First it is necessary to reflect on the way in which the lending and borrowing of money differs from the lending and borrowing of goods. A good can be borrowed and not owed, because I agree to *exchange* one of my future goods for it. Alternatively, a good can be borrowed and owed. If I borrow my friend's car, it is understood that I will give him back the same car, not another one like it (230). In this case, the good is *deposited* with me as a *possession*. But with the borrowing of money by enterprises, there is no 'acquisition' properly speaking. Because "it is created by the banks, the money is not positively possessed by any subject: its expenditure does not signify any alienation of a positive possession" (ibid). As a claim on the banks, money in its "newly born" state is therefore a "null possession" (212, 228, 249-50, 254, 262, 306, 309), "pure availability [*disponibilité*]" (218, 236, 237, 308). In the mere creation of money, banks do not add to wealth. Money only becomes properly 'positive' when it enters into the productive economy. The integration of created money into economic revenues thus depends on a further operation in the productive economy. "*From the moment that they employ it in the payment of factors [of production], the enterprises bring about the integration of banking money into goods in general*" (277). The production of goods, and the remuneration of workers with wages that permit the purchase of this currently produced set of goods, are the conditions that allow for the banking 'flux' to be met with a corresponding 'reflux'. Banks and enterprises are thus profoundly interdependent, and in modern economies, one cannot be understood without taking into account the other. Banks cannot produce wealth by themselves; and conversely enterprises cannot just make their own money. Banks and enterprises are rather two distinct components in a single process.

It turns out that there are *two* 'creations' involved in modern money. "The general equality of flux and reflux indicates a creation in two stages; creation of *money* (from banks by projection into the productive economy), creation of monetary *revenue* (distribution of nascent money to the factors of production)" (225-26). Thus a new distinction emerges: "The banks create *money*, while the productive enterprises create *monetary revenues*" (262). If there is a duality between two forms of money to be found anywhere in Schmitt, it is here. However, Schmitt is less concerned with constructing a dualism than with focusing on the mutation and transformation of money into different forms, or with the way it is 'born' in one form, and mutates into another. In fact, the closer one looks at Schmitt's theory, the less evidence one sees of a fundamental 'dualism' between forms of money, and the more of an overriding monism. First, money is born as a special form of personal claim between banks and enterprises. It is only when it is reissued from the enterprise in the form of wages that it takes on purchasing power across the range of goods that are produced. Only then does money become a "possession", endowed with the power of purchase. "This second movement of creation is much more important than the first" (277). "Distributed to the productive factors, money radically changes its state": it is "added to the social space like a production which just appears, no more or less than if it had come from another nation" (278). The process of reflux to the banks will take in the entire productive economy. After the *direct* flux of new money into enterprises, the *reflux* that follows from enterprises to the banks will be *indirect* (216, 237, 240). It proceeds through the distribution by enterprises of the fresh money in wages to workers. The possession is initially in the hands of workers, and a further process, yet to be specified, is required for the enterprise to recoup its possession, complete the reflux to the banks and 'capture' profit. "The reflux absorbs the revenue thus created:

from the power of purchase, the money becomes again a sum due to the banking system" (223). According to Schmitt, this reflux occurs alongside the production of goods and the generation of profits.

The very concept of monetary flow (or flux) undergoes a corresponding modification. According to the traditional account of flux and reflux associated with Tooke and Fullarton, flux and reflux are opposed to the movement of monetary *masses* (commodities and cash) on the basis of their peculiar temporal properties. Whereas a mass or stock necessarily persists over certain time period, fluxes are "instantaneous" (235). Flux and reflux do not involve the displacement of masses, but are "provoked and withdrawn". This is another feature of 'dualism' of money: banking money has different temporal properties to the money used for exchange and payment in the real economy. Schmitt agrees with this conception, but contends that "the notion of flux is deepened as soon as one makes it participate in monetary creation" (ibid):

> The flux in creation is not conservative, it is mutant: at one extremity a null money is nourished, it hollows out a negative money, and, on the other side, it projects a positive money. Fluxes with mutant power do not limit themselves to imposing a movement on what is previously given; they are innovators of the highest degree, they bring the positive (and the negative) into a whole which does not have these. The creation of money is a mutant flux (235).

There seem to be two reasons for calling banking fluxes "mutant". At one level, the flux creates *ex nihilo*: it adds a sum of products and wages that were previously absent. But the mutation also concerns the second 'creation' described above, where pure banking credit mutates into a force in the real economy, in order to effect a reflux. When Deleuze draws attention to the "*passage or mutation of one form* [of money] *into another*", and how "the capitalist system cannot work without that" (1971 Seminar), insofar as this refers to Schmitt, it would seem to refer to this second kind of 'mutation'.[43]

The neoclassical idea that the payment of productive services is a *transfer* of purchasing power from the enterprise to agents is therefore "erroneous". "In reality the payment of factors imposes a mutation on money created by banks, and only assumes purchasing power at that moment. Up until that point a personal claim, it is transformed into a real claim, while the factors remunerated acquire a power of purchase that the enterprises *induce* into their hands: there is no transfer but a *creation*" (MSP 10). "The flowing of products is not a resale, it is a first sale; for the remuneration of workers is not a purchase, it is the creation of the power to purchase" (286). "The monetary revenue of the factors does not proceed from a pre-existing nominal possession"; it is created. In section III, we will see that in his initial commentaries on these claims, Deleuze highlights the disparity of this view with Marx's claim that wages are to be thought of as the sale and purchase of labour power (1971 Seminar).

Those bits of metal and paper are thus activated by very specific macroeconomic process unlike anything in nature, and organised around the concepts of 'creation' and 'mutant flux'. One does not have to be a Deleuzian to think it all looks a bit mad. Are the concepts weird, and the reality explicable with other, more 'commonsense' economic concepts? Is using the concept of creation, which is theological in its primary meaning, in order to explain the structure of economic circulation akin to explaining, for example, embryological development with the idea of entelechies? Or is the reality itself weird, and only strange concepts allow one to grasp it? Schmitt's logic is nevertheless clear enough: he denies that modern money can be understood in terms of the commonsense concept of exchange, but affirms that the production process in modern economies is intimately related to banks; since banks do create money, we have no choice but to incorporate the strange banking concepts of creation and flux into general economic theory.

Schmitt claims that the *whole* of the money created is redistributed in the nominal wages. So how do profits emerge? Schmitt's argument now takes an unexpected turn, with a return to Ricardo. By arguing that purchasing power cannot be activated without taking wages into account, Schmitt has already moved beyond neoclassical theory. His next step is to follow Sraffa and delve deep into Ricardo's writings and letters in search of an

explanation of the relation between wages and profits. Schmitt brings to light a principle he calls the 'complementarity of wages and profits' (which, however, seems to be nowhere fully articulated by Ricardo). He will argue that this principle retains its meaning and force even if one rejects (as both he and the neoclassicals do) Ricardo's theory of labour value.

The Complementarity of Wages and Profits: Schmitt, Ricardo and Sraffa

Schmitt cites a letter of 11 August 1814 to Malthus in which Ricardo reflects on the meaning of the concept of the gross national product:

> Individuals do not estimate their profits by [...] material production, but nations invariably do. If we had precisely the same amount of commodities of all descriptions in the year 1815 that we now have in 1814 as a nation we should be no richer, but if money had sunk in value they would be represented by a greater quantity of money, and individuals would be apt to *think* themselves richer.[44]

Schmitt insists that Ricardo here discovers "a profound conception: the production of commodities is independent of money. Whether the latter is scarce or abundant, it still 'represents' the same commodities and the same national wealth" (MSP 134). Ricardo arrives at this conception on the basis of the "intuition"[45] that labour alone is the principle of the value of commodities. But Schmitt suggests that there is a 'rational kernel' to this conception that has been missed by neoclassical theorists, and which not only withstands the neoclassical critique of labour value but can be redeployed in the context of the modern relationship between banks, enterprises and workers. The notion that labour gives an absolute value to commodities does not have to be seen in terms of the 'embodiment' of quantities of a rather abstruse, almost spiritual substance, in a commodity. Instead, one can start from the mere idea of a relation of *equivalence* between two quantities. Imagine the sum of labour on the one side, faced with the sum of produced goods on the other. "If we posit a necessary and reciprocal relation between each unit of labour and each unit of production, we obtain an 'absolute' equivalence" (137). A certain amount of labour produces a certain amount of value; if the one goes up, so does the other; what matters is the size of the sum as a whole. Two important points follow.

First, this "absolute equivalence [...] precedes exchange" (137). Prices are "predetermined from the moment of production itself", and not freely decided by exchangers. Exchange value is rather preceded by a 'natural price', determined through the production process. In his Introduction to Ricardo's *Principles of Political Economy and Taxation*, Sraffa argued that the early Ricardo bases himself on a simple agricultural model in which "the same commodity, namely corn, forms both the capital (conceived as composed of the subsistence necessary for workers) and the product; so that the determination of profit by the difference between total product and capital advanced, and also the determination of the ratio of this profit to the capital, is done directly between quantities of corn without any question of valuation."[46] In this 'corn model' one can see what Sraffa will call 'the production of commodities by means of commodities'. As Sraffa will go on to elaborate in his neo-Ricardian model (to which we will turn in a moment), commodity prices (or relative values), can be determined on the basis of the weight of the respective component parts of the production process, and on the "preponderance" of production over consumption. Sraffa's approach thus allows for the identification of the appropriate relative prices for commodities without having to make reference to subjective value and general equilibrium. Instead, the relation of exchange is determined by the internal features of the productive process.

Second, Ricardo's approach to the national product also permits a different approach to the determination of wages and profits to the one taken by Adam Smith, by Ricardo himself in the *Principles of Political Economy and Taxation*, and which will be restated in a new form by Marx. Smith treated wages, profits and rent as distinct components of the national product, with their own natural rates. The national product was therefore a sum of these three income or revenue 'streams'. In his letters to Malthus, Ricardo, by virtue of his intuition of a "unique principle", labour, "starts from a whole that is first of all undifferentiated" (MSP 150), and proceeds to the division of the product into wages and profits from there.

> Labour being principle of value, the national revenue is a *global* given, issue of the totality of expended labour. It would therefore be paralogical to construct revenue starting from its elements, by the *addition* of wages and profits. The whole first reality of the national product is already global, no summation is necessary; the product 'comes into the world', like an undivided whole; the division is logically subsequent; in a word, the formed product is divided, but the *formation* of the product is not a function of the elementary parts: wages and profits are the divisions of revenue, and not properly speaking its elements. A subtle conception, but very clear. One does not have the 'bricks' (wages and profits separated) before the edifice (the revenue); on the contrary, the edifice (the product in its correspondence with labour) is formed from a single piece, and the compartments are relative to an already formed revenue (MSP 284).

If one looks at the undivided whole, there are no special portions marked 'profits' and 'wages' that can be distinguished as pre-existing elements. Wages, taken in isolation, therefore "do not have any influence on the national revenue: whether they are high or low, the value produced is constant. The same application holds for profits. Only the *sum of wages and profits* establishes the significant unit" (150; italics added). The ratio of wages to profits can be varied proportionally, but "the gain of one side is lost by the other (wages are nourished on profits or inversely)" (135).

> One does not say: the production being what it is, wages and profits divide it up; this would be tautological. One affirms that wages and profits come from the same productive source, from a unique energy, which on the one hand is nourished on itself (necessary consumption = wages) and which is creative for the rest (positive profits); "for whence do riches come but from production preponderating over consumption" [Ricardo, Letter to Malthus, 30 August 1814, *Works* VI, 129]. From this unity it results that money cannot be related either to wages or to profits in isolation, but only to their sum (134-35).

The fundamental "complementarity" of wages and profits permits money to be understood as a "pure nominal expression" in the sense that "it 'expresses' a structure that it finds already constituted" (ibid). For Ricardo, both in his letters and in his major work, this structure rests on the absolute value contributed by labour. With Ricardo's intuition as an assumption, it is easy to understand Schmitt's next move: if labour is the sole source of value in production, why not simplify the picture and stipulate that the whole sum of value is identical, in principle, to the sum of nominal *wages* alone? Profits would thus be a *deduction* from a whole sum that should first and foremost be considered as a sum of wages. However, Schmitt will argue that this move can be justified even without upholding the principle of absolute labour value. Indeed, Schmitt suggests that Ricardo himself is hampered from making full use of his own insight by his very adherence to the theory of labour value.

How does Ricardo determine profits in *The Principles of Political Economy and Taxation*? According to Sraffa, Ricardo states his guiding principle in his letter to Malthus of 26 June 1814: "The rate of profits and of interest must depend on the proportion of production to the consumption necessary to such production."[47] Sraffa states that "[t]he advantage of Ricardo's method of approach is that, at the cost of considerable simplification, it makes possible an understanding of how the rate of profit is determined without the need of a method for reducing to a common standard a heterogeneous collection of commodities"[48] (as happens in neoclassical economics). But according to Schmitt, Ricardo's explanation of profits in the *Principles* rests on a further distinction, which influenced Marx, between 'labour' and 'labour power'. It is this distinction that Schmitt wishes to criticise.

Schmitt starts by noting how profits cannot emerge from exchange for Ricardo. "Since exchanges conform in money with absolute predetermined values, they are made in *equivalence*" (MSP 138). Rather, Schmitt argues, on Ricardo's model in the *Principles*, "profits are born from *two* exchanges, from the *difference between two equivalences*" (ibid). What are these two equivalences? "If labour is the principle of all value, it does not follow, according to the great classical tradition, that the *power* [force] of labour is anything other than a product among others. Labour power [*force de travail*] designates in effect the energy of the worker, energy constantly nourished and restored by the consumption of products of labour" (191). Ricardo's position in the *Principles* is that "wages have the value of precisely the labour power expended, no more no less" (ibid). Even though labour contributes all the *value*, enterprises need only pay their workers enough to renew their labour power: the cost of subsistence for them and their families. Wages can thus be separated out as equal to the cost of restoring the labour power spent. Nevertheless the value the labour of workers gives to commodities, and which determines the prices of those commodities, exceeds the value of the labour power contributed.[49] It follows that "the confrontation", Schmitt says, "of these two equivalences (wages = labour power; commodity prices = labour) releases profit" (ibid). The difference between labour and labour power is the condition for the formation of profits:

> Equivalence 1: wages = necessary consumption;
> Equivalence 2: products = labour;
> Therefore, labour—necessary consumption = profits.

Schmitt notes that this is a solution that is far from both "common sense" and "the received knowledge since the subjectivists and marginalists" (MSP 138). He also acknowledges, while curiously not mentioning Marx's name, that this difference between two equivalences "is soon to be called surplus value" (138). Nevertheless, he rejects this explanation of profits. He abruptly says that "labour value only exists in theories. The distinction of labour and its power is derived and the notion of absolute value is not only abstruse: it is quasi-mystical" (192). He then turns to Sraffa's own *The Production of Commodities by Means of Commodities*, stating that Sraffa "saves the Ricardian explanation by a bold simplification, the total abandonment of absolute value" (200). We saw how Sraffa found the model of a 'production of commodities by means of commodities' in Ricardo's early 'corn model': there, a circular, self-replicating economy is conceived where the outputs produced by workers are identical to the inputs consumed by the workers in order to continue their work. Schmitt sees this in terms of "productive energy nourishing itself on its own power" (134). In *The Production of Commodities by Means of Commodities*, Sraffa went on to present elaborated versions of the 'corn model' by incorporating the production of the means of production into this framework (recalling Marx's reproduction schemes in Part 3 of Volume II of *Capital*.[50] He starts with the model of a self-replicating economy with wheat and iron as the two basic commodities:[51]

280qt. of wheat + 12t. of iron	→	400qt. of wheat
120qt. of wheat + 8t. of iron	→	20t of iron

The two sides of the equation are equal in sum, and the equation depicts a self-replicating economy in which quantities of wheat and iron are produced in two industries relative to the consumption of quantities of wheat and iron in each industry. The apparent surplus of wheat in the first industry is necessary for the 'purchase' of 12 tons of iron from the second industry; and correspondingly the surplus of iron in the second industry is necessary to buy wheat for its workers. There is no reference to labour value, and the surplus produced in each industry is not calculated in relation to labour power alone, but in relation to what is required for consumption in the other industry. Sraffa goes on to produce an algebraic formulation of this equation that can handle any number of industries.

Sraffa's model allows for a basic distinction to be drawn between necessary production and surplus production (recalling Ricardo's idea of the "preponderance of production over consumption"). For Sraffa, profits arise when a real, not just apparent, surplus is produced, and is appropriated by a property-owning class. Although there is no 'surplus value' in Marx's sense, there is a potential surplus, and it can be exploited. Thus Sraffa has a theory of the exploitation of labour, but it is based on different principles to Marx's. Here it is worth comparing Schmitt's reading of Sraffa with other interpretations. Making use of Sraffa's insights about the unity of the social product, the difference between self-replicating and surplus economies, and the derivation of profits

from the surplus product, Pietroangelo Garegnani suggested that the whole neoclassical approach to value and distribution could be abandoned, and a return made to the 'classical' conception of value and distribution, "which had at its centre a notion of 'social surplus'".[52] The peculiar feature of the 'classical' or 'surplus approach' revived by Sraffa— "the determination of the shares of the product other than wages as a residual or 'surplus'"—"has its logical basis in the consideration of real wage and social product as being determinable *prior to those shares*."[53] For Garegnani, Sraffa produces a viable model that allows for the transcendence of neoclassicism. For others, Sraffa's theory provided a way out of the quandaries of Marx's theory of labour value: attempts were made by Ronald Meek and Maurice Dobb, for instance, to show the proximity and deep resonances between the Sraffian 'surplus approach' and the core ideas of Marxism.[54]

Schmitt, however, entirely bypasses the class dimension in Sraffa's thought, and goes on to undermine Sraffa's account of profits by dismissing the question of the surplus. He asks why one needs to conceive of a 'modern' economy in terms of circular self-replication in the first place. He criticises Sraffa for presenting what amounts to an updated version of the physiocratic theory (191, 200): because his theory "is founded on the physiocratic hypothesis of production nourished by itself, it is bound to fail" (200). Why? Schmitt says: compare Sraffa's closed economy with an 'open' economy that "participates in an absolute principle" (196), like labour for Ricardo. The value produced by labour exceeds what is necessary for subsistence (for the replenishment of labour-power). Surely we need another such principle, in order to register this difference, and to determine the quantity and direction of production? He argues that even if one rejects labour as a candidate for an absolute principle, there is no need to reject the idea of an absolute principle. And he points to the banks, saying that it is there that we should look for our absolute principle: the *creation* of money by the banks, on the model he has outlined, gives us the absolute principle that is required. Modern economies are 'open', he says, because they rest on money creation by banks (196).

We have just seen that Schmitt finds problems in the theories of profit presented by Ricardo in the *Principles* and by Sraffa. Now let us return to the buried possibility Schmitt finds in Ricardo's letters to Malthus: the formal equivalence between the whole undivided national product and the nominal sum of wages. Schmitt says that if we reflect on monetary integration in the way he is doing, it will be possible to "rediscover the great idea of the classical economists, that of the *objective* bond between money and products" (263).

Schmitt puts forward what is at first sight is an unlikely proposition: "In our contemporary economies, the 'wage-earners' receive in monetary form the *totality* of the national revenue" (265, italic added). Whereas in Adam Smith, "nominal wages are only equivalent to a fraction of the product", for Schmitt, nominal wages are equivalent to the whole product. How can this be possible? The first thing to note is that Schmitt's term 'wages [*salaires*]' is meant to be taken "in the largest sense" (ibid), and includes 'directorial' labour. Schmitt goes on to explain the equivalence follows in contemporary economies not because of the primacy of labour value, but because "the enterprises expend the fresh money that they have borrowed from the banks and divide it among the totality of employed factors", in such a way that "the set of nominal wages (direct and indirect) confers the exact power to purchase the totality of the newly produced goods, which are of consumption or of production" (266). His argument only makes sense from within the framework of banking money creation that he has established. The first thing to grasp is that, according to him, "the payment of services of production is not a transport, but a creation of possession at the heart of society as a whole [...] The remuneration of services does not transmit a pre-existing wealth, it *creates* a nominal wealth in correlation with the productive process" (246, 263). Second, and more specifically, if "production is grasped as a true creation" (268), and if we are attempting to chart the *reflux* of this creation, then *labour* takes on a new meaning. "Labour pierces the whole product *in monetary form*; for, distributed to the factor of labour, money enriches itself [...] with the power of purchasing current production" (281). Labour is "the unique factor of production", but not because of the primacy of absolute labour value, or because the cultivation of land, for instance, is dependent on it; rather it is because, as recipient of wages, it plays a crucial role in the reflux of the created money back to the banks. From the point of view of national accounting that Schmitt has adopted, labour has significance not because of its productive function, but for two startlingly distinct reasons: 1. because it is consumer of the national product and 2. within

the modern context, because it is a crucial channel for the reflux of money to banks, and completes the integration of money with production. If labour is the "unique beneficiary" of the social product (266), the money with which enterprises pay workers has nothing to do with them, being rather 'projected' into the economic system by the banks and accepted as debt by enterprises. Workers, despite being responsible for the whole product, are to be conceived merely as middlemen in the relations of credit/debt between banks and enterprises. We have thus at last arrived at the 'objective bond' between money and products, the answer to the problem of integration. "It belongs to nobody, individual or group, by whatever intervention, to increase or diminish the acquisitive power of money [...]. The power is imposed on everyone" (263). Having found its proper place, Ricardo's conception of the national product now takes on the "magnificent coherence" (151) that is proper to it. An explanation has been given for why "no theory of an *objective* monetary power can surpass it" (ibid)—but one does not have to take a Marxist or a Sraffian perspective to be struck by the extent to which Schmitt seems to have had to squint and practically stand on his head in order to make the phenomena to fit his peculiar vision. Finally, how do profits emerge on Schmitt's account? Like Ricardo and Marx, Schmitt denies that profits can emerge from exchange; but unlike them, he denies that they are derived from the production process (from the difference between labour and labour power). At one level, it is quite simple. Profits are "revenues of substitution", or "transfer". Labour "receives all the product, for the *nominal* wages [...] exhaust the national revenue" (273). Profits are not produced *in addition to* wages; they are 'captured' *from* wages (ibid). Profits are derived by increasing sales to workers. The profits of one enterprise "are obtained at the detriment of the other" (219), and the capturing of profit involves quasi-military campaigns: enterprises or 'companies' "borrow from good military virtues like campaign (publicity), strategy, *entente*, retrenchment, and before everything else, heavy equipment" (291).

Profit is not a 'residual' revenue (ie. something left over). For Ricardo in the *Principles*, profit *is* a residual, ie. what is left after wages and rent have been paid. Schmitt suggests that his own idea of profit is closer to Ricardo's theory of differential rent than it is to his theory of profit.[55] "The 'mechanism' of substitution has a famous precedent, the Ricardian theory of rent" (297). If the same agricultural commodity can be produced on one piece of land A with less labour than on another piece of land B, due to differences in their fertility, then given that the market dictates that both sets of produce sell for the same price, landowner A does not gain an advantage over landowner B by selling the produce at a lower price, but by charging rent for the land (cf. 289). Ricardian rent is not a residual, but a revenue of substitution; it involves a kind of "borrowing" (290) or "capture" of a part of the sum total of revenues distributed. Profits too, Schmitt says, are not leftovers, they are revenues that are "'won over' [*capté*], one could even say 'captured' [*capturé*]" (283). "Just as classical rent is nourished from profits and wages, in modern analysis gross profits are 'caught' [*capté*] from the wages distributed" (297). But it is this *active* character of the pursuit of profits that ultimately distinguishes Ricardian rent from Schmittian profit: profit does not flow automatically, like rent does to the landowner, and is not based on external factors such as fertility of land; enterprises have to go "looking for" profit, hunting it down.[56] Profit "flows from a specific action; revenue of conquest and not of simple waiting" (290). Profit is not received passively, like rent; it is 'plucked' ['*cuelli*'] by an act of will (291). Schmitt says "one immediately draws from that its indivisible character"; the formation of profits is "canalized" into a single stream "in one go" [*en un seul jet*] (292) due to this activity, not because there is a separate pre-existing channel for them.

Nevertheless, there are also structural dimensions to the capture of profit. First, Schmitt says that even though wages encompass the totality of the nominal revenues produced in enterprises, "one can easily see how profits can be positive. *For that it is enough that enterprises succeed in disbursing products at prices higher than the distributed wages*" (288). However, if there is competition between enterprises (campaigns and 'price wars'), a 'capture' of this nature cannot last for long (unless there is some kind of monopoly or cartel). Second, he says that although labour "receives all the product, for the *nominal* wages [...] exhaust the national revenue", this sum is "not the real wages, of course" (273). He goes on to say that "*real* wages are only a part of" the national revenue. How can this be, is there some other source in the national revenue? No: he has stated that profits involve the *transfer* or substitution of wages of workers to particular enterprises. The distinction between nominal and real wages is explained in another way, at the very end of the book, when Schmitt discusses the

role of inflation in lowering real wages (cf. 332, 346). Enterprises can succeed in "capturing revenues outside of the normal route of profits: from revenues of pure inflation" (322). However, Schmitt suggests that despite the emergence of "cumulative inflation" (333), this source of profit is transitory, and is counteracted by an accompanying general rise in nominal wages; so the hunting down of profit has to be continually renewed.
So the structural dimensions of profit capture do not correspond to any kind of systematic exploitation of workers. Having abandoned the ideas of value and surplus value, along with Sraffa's distinction between subsistence and surplus economies, Schmitt is left with no account of how structural exploitation can occur through the under-remuneration of labour time, or through the paying of subsistence wages and the appropriation of a surplus by a property-owning class. Like later circuitists, he replaces the determining role of class division in the distribution of the surplus by the sectorial determination of the structure of economy and society.[57] His claim that labour "receives all the product", moreover, airbrushes marked and systematic differences between wage-levels out of the picture.

III. DELEUZE AND GUATTARI ON BRUNHOFF AND SCHMITT

In his 1971 Vincennes seminar, Deleuze draws attention to what he calls "the diabolical aspect of Schmitt's thesis", the proposition that "it is the transformation of the first form of money, the creative flux of money, into the second form, money-revenue, that *creates* the power of purchase; the power of purchase does not pre-exist the form of money-revenues." This is diabolical, it is suggested, because of its implications: "the worker is not bought, there has been no robbery, there is no surplus value; Schmitt says that Marx is wrong; for there to be surplus value, it is necessary that the labour power of the worker should be bought, but wage-revenue cannot do that because the power of purchase is created by revenue, it is not presupposed by revenue" (ibid). For Schmitt wages are not themselves a purchase (as the buying of labour power by the capitalist is for Marx), instead they are a by-product of "a form of mutation of one money into another" (1971 Seminar). The attitude of perplexity continues in the account of Schmitt in *Anti-Oedipus*:

> Who steals? Certainly not the finance capitalist as the representative of the great instantaneous creative flow, which is not even a possession and has no purchasing power. Who is robbed? Certainly not the worker who is not even bought, since the reflux or salary distribution creates purchasing power, instead of presupposing it. Who would be capable of stealing? Not the industrial capitalist as the representative of the afflux of profit, since "profits do not flow in the reflux, but side by side with, deviating from rather than penalizing the flow that creates incomes". How much flexibility there is the axiomatic of capitalism, always ready to widen its own limits so as to add a new axiom to a previously saturated system! You say you want an axiom for wage earners, for the working class, and the unions. Well then, let's see what we can do—and thereafter, profit will flow alongside wages, side by side, reflux and afflux (AO 238/283).[58]

Deleuze and Guattari's vantage point in these passages is clearly Marxist. If the worker is "not even bought", then Marx's argument that exploitation occurs through the purchase of labour power and the under-remuneration of labour time cannot get off the ground. Schmitt thus appears as the representative of a new phase in capitalist cynicism. Whereas in the Golden Age of capitalism, the capitalist did not hide his cynicism, and (especially if the capitalist subscribed to Ricardo's labour theory of value), did not pretend not to be extorting surplus value, then now "how this cynicism has grown—to the point where he is able to declare: no, nobody is being robbed!" Deleuze and Guattari also mock the idea that profits and wages flow "side by side" (although this latter point is probably a misinterpretation of Schmitt).[59]

However, despite this apparently firm Marxist framework, in the immediately preceding passage Deleuze and Guattari seem to accept Schmitt's critical attitude toward the concept of surplus value, and go on to suggest that Schmitt's depiction of an economy grounded in money creation corresponds to the "true economic force" in contemporary capitalism:

> Surplus value [...] cannot be defined by the difference between the value *of* labour [ie. the value of labour power] and the value *created by* labour power, but by the incommensurability between two flows that are nonetheless immanent to each other, by the disparity between the two aspects of money that express them, and by the absence of a limit exterior to their relationship—the one measuring the true economic force, the other measuring a purchasing power determined as 'income' ['*revenu*'].[60] The first is the immense deterritorialized flow that constitutes the full body of capital. An economist of the calibre of Bernard Schmitt finds strange lyrical words to characterize this flow of infinite debt: an instantaneous creative flow that the banks create spontaneously as a debt owing to themselves, a creation *ex nihilo* that, instead of transferring a pre-existing currency as means of payment, hollows out at one extreme of the full body a negative money (a debt entered as a liability of the banks), and projects at the other extreme a positive money (a credit granted the productive economy by the banks)—"a flow possessing a power of mutation" *that does not enter into income and is not assigned to purchases,* a pure availability, nonpossession and nonwealth. The other aspect of money represents the reflux, that is, the relationship that it assumes with goods as soon as it acquires a purchasing power through its distribution to workers or production factors, through its allotment in the form of incomes—a relationship that it loses as soon as the latter are converted into real goods (at which point everything recommences by means of a new production that will first come under the sway of the first aspect). The incommensurability of the two aspects –the flux and the reflux—shows that nominal wages fail to embrace the totality of the national income, since the wage earners allow a great quantity of revenues to escape. These revenues are tapped by the firms and in turn form an afflux by means of a conjunction; a flow—this time uninterrupted—of gross *profit* [*profit brut*], constituting "at one go" an undivided quantity flowing over the full body, however diverse the uses for which it is allocated (interest, dividends, management salaries, purchase of production goods, etc.) (AO 237-38/282-83; trans. modified; first two italics added).

Schmitt does not talk about an 'incommensurability' between banking money and monetary revenues, although, as we have seen, he does identify a radical difference between the fluxes of pure banking debt and the money that serves to purchase goods. From his point of view, he is ultimately arguing for the quantitative *commensurability*, via the circuit of flux and reflux, of the two kinds of money. Moreover, it appears that Deleuze and Guattari have not at this point correctly identified how profits are made by 'capture' on Schmitt's account. As we will see later, they go on to adopt and endorse aspects of Schmitt's concept of 'capture' in *A Thousand Plateaus* (while retaining an idiosyncratic view of what Schmitt means). So there are some deviations in the details that need to be considered. But let us leave these on one side, and ask how Deleuze and Guattari are deploying Schmitt's theory in *Anti-Oedipus*.

After the passage on Schmitt pointing to his denial that there is any stealing, robbery or exploitation of labour in capitalism, Deleuze and Guattari conclude that "the incompetent observer has the impression that this whole economic schema, this whole story, is profoundly schizo" (AO 238/283). If Schmitt is correctly described as 'diabolical' or 'cynical', then Deleuze and Guattari could be read as cocking an eyebrow at Schmitt's account, and scorning it. Schmitt, the neo-capitalist, is attempting to pass off a ludicrous, 'mad' theory as a good explanation. But it was mentioned at the beginning that in his 1971 seminar, Deleuze says that Schmitt is "a neo-capitalist economist who produces, without wanting it, a completely schizophrenic economic theory to the point that it allows us to pose the problem: what is the difference between a text of scientific ambitions in the domain of economy and a schizophrenic text, once what is involved is the mechanisms of capitalism?" That implies that *Money, Wages and Profits* is a pathological text, but one that nevertheless, in its 'madness', speaks a truth. However, there is a further ambiguity, if we assume this second alternative: are Deleuze and Guattari saying that Schmitt's text exudes madness because it faithfully expresses a 'madness' inherent to capitalism, or is it that there is something delusional, yet instructively so, about the story Schmitt, a 'neo-capitalist', tells about capitalism (which might not be as mad as it looks)? Toward the end of *Anti-Oedipus*, Deleuze and Guattari say that "among modern economists, [Schmitt] has for us the incomparable advantage of offering a delirious interpretation of an unequivocally delirious economic system (at least he goes all the way)" (AO 374/449).[61]

But this raises further questions: what precisely *is* the advantage of offering a delirious interpretation of a delirious system? Why not instead offer a *rational* interpretation of a delirious system? Are they saying that the 'delirium' of capitalism is all-encompassing and blocks any rational perspective on it? Or that it is deviant, off-the-rails and 'irrational', from the 'sane' perspective of Marxism?

Perhaps the idea is that there is something 'schizophrenic' about Schmitt's schema because of the way it invokes intangible entities (pure monetary flows) and obscure forces (the 'charging' of money), and inhabits a twilight atmosphere in which workers have become shadows in a wider, barely comprehensible financial panorama. The causalities of 'daylight' explanations of economic experience (based on exchange) are overturned, and economic circulation is subjected to the interruptive temporality of 'creation' and 'destruction' imposed by the banks. If Schmitt's text is interpreted as a document of a delusion, one could attempt to understand and explain it from a Marxist perspective. Having abandoned the theory of objective value along with the neoclassical economists, Schmitt has ended up seeing the banks as the creative agents in the economy; money appears to him to be miraculously produced by banks; production appears to happen because of money creation, rather than because of labour; and where he is to be found insisting on not one but two creations, in order for money to be converted into 'purchasing power' for workers, he is just compounding the delusion. Schmitt has lost the plot when he says that workers do not 'sell' their labour power (for the reason that neither sale nor purchase exist prior to the 'charging' of bank money by enterprises), and instead have magical consumption tickets placed into their hands, which are unconnected to any work they do. Despite his own dismissals of labour value for being 'quasi-mystical', he has ended up producing an angelology of money, charting the 'descent' of 'spirit' (pure debt), via purchasing 'power', into matter (purchase and consumption): a Neoplatonic idealism for bankers.

But on the other hand, Deleuze and Guattari also suggest that Schmitt's discussion of intangible entities and forces, of creation, flux and reflux, and destruction, is entirely lucid and expresses the true economic forces in contemporary capitalism. When Deleuze and Guattari talk of how "monetarization everywhere comes to fill the abyss of capitalist immanence, introducing there, as Schmitt says, 'a deformation, a convulsion, an explosion—in a word, a movement of extreme violence'" (AO 250/298; citing MSP 285), they could be talking about the ways in which financial speculation can dominate the productive economy, and praising Schmitt for his accurate description of the 'instantaneous' and 'creative' character of money creation. The table on which economic exchanges are made is insignificant compared to the table on which the gods of finance play; the forces Schmitt depicts would be *real*, relating to the ultimate entities of contemporary economic reality. In the 1971 seminar Deleuze also suggests that Schmitt's schema of money creation can be applied to the State (we will come back to this). So the economy *is* dominated by strange forces. Schmitt is just the messenger; if his theories look mad, that is not his fault, he is just trying to depict the weird reality of the modern monetary economy that he inhabits. (On the 'delusional' interpretation, on the other hand, the passage just cited would take on an ironic tone: Deleuze and Guattari would be saying something like 'this economist shows how delusional one can get about what banks do, and how misled one can be about money creation and the dissimulatory phenomena emanating from money in its capitalist form').

It may be that Deleuze and Guattari have a shifting, ambivalent attitude toward the views Schmitt presents. It is hard to see how Schmitt can be 'cynical', 'diabolical' and 'schizophrenic' all at once—put together, the charges appear to become incoherent. Let us assume that Deleuze and Guattari intend to be critical of Schmitt; that they think he is 'deluded'. From the perspective of Brunhoff's theory, Schmitt can be criticised for being in thrall to the dissimulations of modern capitalist money. Schmitt might be able to provide a (distorted) *description* of the processes involved, but from Brunhoff's perspective he would be a participant in the dissimulation. In Deleuze and Guattari's terms, Schmitt would be bewitched by the 'miraculating' surface of money on which all economic behaviour is inscribed in capitalism. Schmitt has been dazzled by money, whereas Brunhoff wants to see behind its dissimulations, to the commodity economy and labour value that lies beneath it, to the forces of capital accumulation and the relations of class domination. Brunhoff has also identified a disparity between the forms of money at work within contemporary money, but retains a critical and dialectical view of the relations between these different forms, founded firmly on Marx's theory of money. For Schmitt, money creation

is ontological, and lies at the basis of modern money; for Brunhoff, it is a specialised and restricted function,[62] and bank money in general is an outgrowth of money as a component of commodity economies. Schmitt thinks that banking money is originally a 'non-possession' or 'negative possession'. Brunhoff effectively turns this view back on its feet: not at all, the financial system is based on money-capital possessed and actively invested by capitalists. The primacy given to 'initial deposits' also masks the accumulation and concentration of capital. Having endowed banks with extraordinary powers, Schmitt believes he is able to explain the 'integration' of money with production. In *La politique monétaire*, Brunhoff criticises Schmitt's "optic", which she says "is not our own [...] Our critique does not at all aim to oppose an 'integration' of money into the 'economy' to the dichotomy money/economy. That would be to abandon our critical point of view: capitalism is necessarily a monetary economy, but that does not at all suppress the particular character of money and the contradictions of financial circulation."[63] Schmitt can be criticised for completely detaching money from the underlying structure of the commodity economy, for severing the link between money and labour time by making the former the 'creation' of the banks, and for proceeding as if monetary creation is primary, when monetary power really derives from the concentration of money-capital. Schmitt also fails to pay attention to the central Bank, and its relation to commercial banks. Money creation by the central Bank (in quantitative easing) cannot be identified with money creation by commercial banks. The towering mirage of 'the money supply' should not be seen as another instance of money creation, but as a construct with the function of reinforcing confidence in capitalism in the face of ongoing fluctuations and crises. From the perspective of Brunhoff's theory, what Deleuze calls the "*passage or mutation of one form* [of money] *into another*" (1971 Seminar) would instead refer to the looping of banking refluxes through the exploitation of labour (without which "the capitalist system cannot work"), but could also be applied to the fraught relation between gold and credit money, the poles between which money oscillates, and to the attempt to dissimulate the underlying rhythm of the contraction and expansion of credit; the capitalist system cannot work without this oscillation, because capitalist money is fundamentally torn between these two poles. The sense of 'beginning again' in Schmitt's ideas about money can therefore be seen as illusory, and the inevitable result of his decision to accept the flawed assumptions of neoclassical theory for the purpose of subjecting them to immanent critique; the analogy with the shift from ether to relativity theory is correspondingly mistaken, as to throw out labour value is to throw out the determining factor of economic value.[64]

The fundamental divergence between Brunhoff and Schmitt comes to the surface in the important closing paragraphs of the section on 'The Civilized Capitalist Machine' in *Anti-Oedipus*: "Doubtless Marxists will appeal to the fact that the formation of money as a specific relation within capitalism depends on the mode of production that makes the economy a monetary economy. *The fact remains* that the apparent objective movement of capital—which is by no means a failure to recognise or an illusion of consciousness—shows that the productive essence of capitalism can itself function only in this necessarily monetary or merchant [*marchande*] form that commands it, and whose flows and relations between flows contain the secret of the investment of desire" (AO 239/284, italics added). Now, if the implied critique of Marxists is also meant to be targeted against Brunhoff, it does not work, as she precisely insists on the internality of money to capitalism, on the basis that the latter is a species of commodity economy. However, why would Deleuze and Guattari criticise other Marxists when they have just shown the importance of Brunhoff's work in developing a Marxist theory of money? Are they then suggesting that despite Brunhoff's attempt to draw attention to the dissimulation involved in money and capitalist financing, "the fact remains" that there is something irreducible about "the apparent objective movement of capital" in money creation and financial flows, and that Schmitt's theory more adequately gets across the force of this movement? The immediate response is surely: no matter how forcefully this apparent motion presents itself, why not look beyond at the real motion? To do otherwise would to risk being bewitched by the 'miraculating' surface of money. Why would Deleuze say that Schmitt's theory is 'diabolical' at all, if he is not implicitly relying on the critical Marxist standpoint adopted by Brunhoff? So why not say the exact opposite to what they have just suggested: that the fact remains that banking capital is founded on dissimulation and exacerbates dissimulation?

The text involving the vacillation between Schmitt and Brunhoff immediately precedes the well-known passage in *Anti-Oedipus* that identifies "the revolutionary path" with that of "acceleration" in the direction of the markets. This has always been a difficult passage to comprehend. Why accelerate the movement of the markets? Because, Deleuze and Guattari say, "perhaps the flows are not yet deterritorialised enough, not decoded enough, from the viewpoint of a theory and a practice of flows with a highly schizophrenic character" (ibid, 239/285; translation modified).[65] The first thing to note here is that the 'viewpoint' alluded to here would seem to be implicitly Schmitt's (since he is the one who develops a theory that expresses the 'schizophrenic' character of monetary flows). So it is from the point of view of Schmitt's theory that the flows are not 'deterritorialised' enough. But why 'accelerate' the flows or fluxes in Schmitt's sense? To pump more money—and more products—into the system? But accelerating fluxes and their refluxes might also be taken to mean *reducing* the products made and the contributions of workers in the 'middle' of the process. In fact, it is hard to work out what 'acceleration' would mean in the context of Schmitt's theory alone.

Perhaps then we should return to the point from which we started. Deleuze's discussion in the seminar begins from the premise that Brunhoff and Schmitt, from different perspectives, have converged on the same subject-matter—the two forms of money—and have given explanations of the nature of money that bear striking similarities. Maybe Deleuze and Guattari want to *combine* Schmitt and Brunhoff to create a worst-case scenario, in which one gets a monstrous financial system, prone to crises, but nevertheless able to plug any puncture with the money-making machine. In the 1971 seminar, Deleuze specifically suggests that there is an overlap between Brunhoff and Schmitt on the topic of money creation. He alludes to "the famous monetarization of an economy by the creation of money", and says "the role of the central banks is determining here: to create money". He goes on to situate Schmitt's overall argument that the creation of money generates purchasing power in this context. What Deleuze says seems to suggest that he sees an increase in the money supply by central banks and money creation by commercial banks as one and the same thing. *The central Bank creates money*. Hence the ultimate 'impotence' of the worker: if capitalism can 'monetarize' the economy at will, no crisis can truly afflict it. The system would indeed only *work* by breaking down in crises and then starting up again with a re-monetarization (AO 230/274). We might perceive an element of historico-political masochism in Deleuze's stance: that things have to become more oppressive and claustrophobic in order for true resistance to flare into action. Perhaps combining Schmitt's and Brunhoff's views could somehow even lead to a properly immanent *critique* of contemporary capitalism. One would accelerate in order to expose the fundamental monstrosity of the capitalist system, and the predicament that emerges due to its apparent immanence (another meaning of 'immanence' is: 'no way out'). Perhaps there is some sort of deep compatibility between Brunhoff and Schmitt: Brunhoff would give one a straight critical view of the system, while Schmitt would express its monstrosity; and by drawing attention to this he would, despite his own avowed intentions, lead us back to Marxism.

However, 'the fact remains' that Deleuze and Guattari implicitly appeal to a distinction between real and apparent motion, and in *Anti-Oedipus* seem mostly to want to criticise the dissimulations of the capitalist monetary system. Only Brunhoff's theory allows them to do this. And as we have seen, there are many reasons for thinking that Brunhoff's theory is incompatible with Schmitt's. Crucially, Brunhoff does *not* identify the money supply with money creation. The increase of the money supply by the central Bank proceeds on entirely different principles to the creation of money by commercial banks for enterprises. So Deleuze appears to be mistaken in the seminar when he gives the activities of central Banks as an example of what Schmitt means by money creation.

However, if we relate the passage on acceleration to Brunhoff's theory alone, interesting results emerge. Brunhoff puts a lot of emphasis on financial crisis in *Marx on Money*. Whereas Schmitt (like both the classical economists and Sraffa) sees crises as merely frictional phenomena, Brunhoff focuses attention on the structural instabilities generated by the 'credit cycle'. If capitalist expansion were to be accelerated, it follows that it would be more prone to financial crises. An acceleration of capitalist expansion, followed by a financial crisis, and the intervention of monetary policy, would provide a confirmation of Brunhoff's view of the dynamics of capitalism. The acceleration would first of all be a property of capitalist expansion. The *will* to accelerate

would be a will to push the capitalist system to its limits, and to provoke a crisis. Brunhoff herself does not talk of a will to accelerate; if 'acceleration' were to mean anything in her theory, it would refer to a property of the financialised system, insofar as it is based on capital accumulation and its indefinite expansion. But if Deleuze and Guattari were to *encourage* acceleration in this sense, what would that mean? Bring on a crisis, because it will expose the limits of capitalism? Because it would puncture the 'delirium' of capitalism; because it would end the 'bewitchment', and expose the dissimulations? If the State money supply is not identical with the capacity for money creation, they could no longer be confident that the system would 'work' by breaking down. We will come back to these questions at the end of the essay. For the moment, let us leave aside the question of the 'imperative' to accelerate, and instead focus on Brunhoff's hypotheses about the consequences of acceleration in the financial system. According to Brunhoff, the overextension of credit risks crisis, and the exposure of the insubstantial and fragile nature of modern financialised money. The occurrence of a crisis would provoke the State to call on the money supply, and to emit a fog of dissimulation around the functioning of money. The gulf between the two forms of money—financial flows on the one hand, and means of payment on the other—would open up. Credit money would be threatened with collapse, and gold prices would surge. The chasm between the two forms of money would need to be dissimulated. Financial capitalists would need their fluxes to continue to come back to them in reflux, but they would also need industrial capitalists to continue to exist so that this could happen. Releasing the money supply into the balances of the industrial capitalists would allow them to continue their refluxes back to the banks, for the bosses and the management of enterprises to remunerate themselves, but would also encourage enterprises to cut production and lay workers off. At the aggregate level, this would lead to wages being pushed down, and to precarious work becoming the norm. International bond investors would add pressure on enterprises to cut back further. All this has come to pass. If one takes Brunhoff's view, and opts to remain critical about the use of the money supply in crises, relating it to the preservation of money-capital, one will be in a position to perceive the role of class domination underlying the increase in the money supply. Quantitative easing might appear to be formally neutral, but it was clear two years into the recent financial crisis that its accompaniment was austerity for non-propertied workers, the ratcheting up of debt for the young who had not yet entered employment (the trebling of university tuition fees in England occurred simultaneously with QE), and the draining of finance from public services in general. If we start from Brunhoff's critical approach, we become capable of seeing through the simulacrum of the increase of the money supply in the mechanism of quantitative easing and of understanding how the mechanism reinforces the privilege of financial capitalists and silently exacerbates class inequality. Far from showing workers and financial capitalists "moving to the same rhythm" (AO 239/284), the crisis reminds us of the difference between the "flow of workers" and the "flows of money" channelled by financial capitalists (the 'mania' involved in financial speculation is obviously different in nature to the 'madness' of workers resorting to payday loans to meet living costs). Brunhoff's theories about the tendency toward financial crisis, and her examination of the mechanisms that hold it off, and that react to it when it has happened, thus stand firm, amidst the wreckage of neoclassical theories based on the supremacy of consumer desire and the equilibrium of supply and demand. Those theories fail to take account of the fragility of financial accumulation, and of the crucial structural relations between banks, central Bank, and enterprises. Schmitt's theory is disconfirmed by the crisis: there was no question of money creation to get out of the crisis. Brunhoff was right: it is clear that the increase of the money supply is a distinct capitalist mechanism that exists to dissimulate the gulf that opens up in crises between the two forms of money, so that workers and the population at large bear the cost.

Given the role of Brunhoff's theory as critical instrument in *Anti-Oedipus*, one is therefore surprised to read in *A Thousand Plateaus* that "Bernard Schmitt has proposed a model of the apparatus of capture [...] that admittedly revolves around money as a capitalist economics. But it seems to be based on abstract principles that transcend these limits" (ATP 445/555). In the relatively detailed exposition of Schmitt's ideas that follows, in which the notion of 'capture'[66] now plays a dominant role, it appears that Deleuze and Guattari have occupied Schmitt's perspective, and now, moreover, follow him in returning to Ricardo, rather than Marx, for a foundation for a theory of profits. There is a brief reference to Brunhoff's *Money Supply* in *A Thousand Plateaus*, but as in the 1971 seminar, it attributes the creation of money to central Banks, not to commercial banks (ibid, 226/276), which, as we have seen, is not Brunhoff's point. The discussion in this latter passage is closer to

Schmitt than it is to Brunhoff; and Deleuze and Guattari proceed to say that what can be said of banking power can be said of "every central power" (ibid), with the concept of 'power' going on to do all the work. One could argue that if anything seems 'diabolical' here, it is for Deleuze and Guattari to shift without comment from saying that Schmitt's view is 'cynical', 'schizophrenic', etc. to saying that it portrays universal features of all economies, not just those that belong to a contemporary form of capitalism where financial and fictitious capital have become the dominant forces.

At the start of the relevant section, 'Proposition XII' of the 'plateau' entitled 'Apparatus of Capture', Deleuze and Guattari suggest that "a modified marginalism provides a basis for a hypothesis" that one can determine economic 'exchange' "independent of any reference to such notions as stock, labour, and commodity" (ATP 437/545). Any exchange, they argue, presupposes a "collective evaluation" of the objects exchanged; this evaluation can be conceived in marginalist terms as "the *idea* of the last objects received, or rather receivable, on each side".[67] Marginalism, not Marxism, thus provides access to the 'natural' state of economic activity for Deleuze and Guattari in *A Thousand Plateaus*. Deleuze and Guattari then say that "stockpiling begins only once exchange has lost its interest, its desirability for both parties" (440/548). Once the marginal 'limit' has been crossed, and exchange becomes futile, the response is to stockpile, presumably because it is considered pointless to rely on further interaction with external agents. The formation of stocks and the feudal appropriation of territories that were previously independent of each other lead to the parcelling up of territories into 'land', comparable in terms of ground-rent. Deleuze and Guattari then develop an account of rent on the basis of Ricardo's theory of differential rent in the second chapter of the *Principles* (which, as they observe, has been interpreted as an anticipation of marginalist theory). For Ricardo, "the worst land (or the poorest exploitation) bears no rent, but it makes it so that the other soils do bear rent, 'produce' it in a comparative way [...] Ground rent homogenizes, equalizes different conditions of productivity by linking the excess of the highest conditions of productivity over the lowest to a *landowner:* since the price (profit included) is established on the basis of the least productive land, rent taps the surplus profit accruing to the best lands" (ATP 441/549-550). Deleuze and Guattari say that Ricardo's conception of differential rent presents "the very model of an apparatus of capture" (ibid).[68] An apparatus of capture in general is said to involve two processes: 'comparison' and 'appropriation'. In the case of rent, when territories are treated in terms of their potential ground rent, "differences in quality [become] *comparable to* one another, from the standpoint of a quantity establishing a correspondence between them and exploitable pieces of land"; but at the same time, "the set of exploited lands" is treated as "*appropriable,* as opposed to exterior unclaimed land, from the standpoint of a monopoly that fixes the landowner or -owners" (ibid).[69] The 'capture' involved in rent is thus conceived as involving an 'apparatus' that surveys the whole range of land, ranking it according to quality, considering it according to its potential for yielding stocks, and subjecting it to monopolistic appropriation by landowners. Basing themselves on the "model" of rent, Deleuze and Guattari then go on to discuss two further 'apparatuses of capture', one involving the capture of profits from labour, the other involving taxation. Only the former will be discussed here.[70] To be persuaded that Deleuze and Guattari have abandoned Marxism in A *Thousand Plateaus*, it is enough to look at what they say about labour and profits in this passage.[71] The ensuing discussion of Schmitt revolves around the treatment of labour as 'stock'. Our authors say that "Bernard Schmitt has proposed a model of the apparatus of capture that takes into account the operations of comparison and appropriation" (445/555). Observing that Schmitt's "point of departure is an undivided flow that has yet to be appropriated or compared, a 'pure availability,' 'nonpossession and nonwealth'", they acknowledge that for Schmitt these ideas relate to what happens "when banks create money", but nevertheless say that "taken more generally it is the establishment of the stock, which is the creation of an undivided flow" (445/556). This generalisation is open to criticism: detached from his ideas about banks, Schmitt's notion of an undivided flow has little meaning; and if it is being implicitly related back to his Ricardian ideas about the gross national product, it would not make sense to bring in the notion of 'stock'. They go on: "[t]he undivided flow becomes divided to the extent it is allocated to the 'factors'". Following Schmitt, but not referring to his reasoning, they say that "there is only one kind of factor, the immediate producers [...]. We could call them the 'poor' and say that the flow is distributed among the poor. But this would be inaccurate because there are no pre-existent 'rich'" (445/556). Deleuze and Guattari proceed to work through Schmitt's account of the expression of total national income in the set of nominal wages,

dwelling once more on the point that wages are not a purchase, and that purchasing power derives from wages (ibid). As in *Anti-Oedipus*, they allude to the difference between real wages and nominal wages, and go on to propose an analogy that is presumably supposed to support the claim that Schmitt's model can be applied outside modern monetary economies: "*Real wages* are only a portion of nominal wages; similarly, 'useful' labour is only a portion of labour, and 'utilized' land is only a portion of the land that has been distributed. We shall call Capture this difference or excess constitutive of profit, surplus labour, or the surplus product" (446/557). The difference produced in each case by this comparative calculation is said to be subject to a monopolistic 'appropriation'. But the notion of the capture of *profits* is sharpened: Deleuze and Guattari relate the capture of profits directly to Schmitt's account of the difference between real and nominal wages. On this basis, they head toward what they suggested in *Anti-Oedipus* were Schmitt's 'schizo' conclusions about the non-existence of exploitation. "As Schmitt says, there is neither thief nor victim, for the producer only loses what he does not have and has no chance of acquiring" (ibid). The same goes for surplus labour and surplus product. "From a standpoint within the capitalist mode of production, it is very difficult to say who is the thief and who the victim, or even where the violence resides" (ibid). Where have Deleuze and Guattari led us? Schmitt has removed the questions of surplus and surplus value from the picture, so it is no longer possible for him to criticise the 'capture' of profits as exploitative. But Deleuze and Guattari's suggestion, following Schmitt, that the source of profit is ultimately to be found in the difference between real and nominal wages, is problematic, because it omits Schmitt's premise that profit as 'capture' is first and foremost a revenue of substitution, and neglects the transient nature of capture through inflation. Deleuze and Guattari also seem to appeal to a 'stock' that pre-exists the whole national product that is expressed in wages, when there is no place for such a stock on Schmitt's account.[72] Having dug their own hole, Deleuze and Guattari end up effectively appealing to their own version of a *deus ex machina*: the famous *Urstaat*. They say—at first sight, quite preposterously—that the reason one cannot tell the difference between the thieves and the victims "is because the worker is born entirely naked and the capitalist objectively 'clothed', an independent owner" (447/558). What? If the worker is born naked and the capitalist clothed, that is rather a big difference, and it is difficult to imagine how it could pass unnoticed. But their point seems to be that there is some kind of radical socio-political division that accounts for the formation of stocks and their monopolistic appropriation, but which pre-exists the economy. Their conclusion is that "what gave the worker and the capitalist this form eludes us because it operated in other modes of production. It is a violence that posits itself as preaccomplished, even though it is reactivated every day". Having been led into confusion by Schmitt, their only recourse is to find the source of exploitation in the political, rather than the economic sphere. Their final grim-faced conclusion is: "This is the place to say it, if ever there was one: *the mutilation is prior, preestablished"* (447/559). They end up affirming the pseudo-radical proposition (shared by neoliberal theorists) that the source of all exploitation is the 'State', a repressive form that apparently dates back to the dawn of historical time.

Why did Deleuze and Guattari attempt to base themselves on Schmitt's theory in 1980? One possible answer is the growing uncertainty in the 1970s about the relation between value and labour time in Marxism. In the 1960s and 1970s, the Sraffian view promoted by Garegnani, Meek and Dobb had begun to provide a way to criticise exploitation in capitalism without relying on labour values. A left-leaning reading of the shift to Schmitt's theory in *A Thousand Plateaus*, might attempt to correlate it with an underlying shift of emphasis away from reliance on labour values to a view closer to the social surplus approach.[73] The truth is that Deleuze and Guattari's discourse of 'surplus absorption' in *Anti-Oedipus* shows that their Marxism in that book is already heterodox. This cannot be demonstrated here.[74] Nevertheless, *Anti-Oedipus* lives and breathes Marxist ideas in a way that *A Thousand Plateaus* does not: it is heavily invested in the crises of Marxist theory. Deleuze and Guattari's turn to Schmitt, however, does not help to solve any of these theoretical crises. One cannot avoid the impression that the authors of *A Thousand Plateaus* have ended up adopting an 'eternalistic' perspective on economics, sacrificing the properly historical-materialist perspective that pulses through *Anti-Oedipus* (despite and perhaps even because of its mutinies over the specifics of the theory of labour value and the tendency of the rate of profit to fall). Absorbed in birdsong and speculations about ancient history, Deleuze and Guattari sound like they have checked out of historical and social reality. But history continued regardless; and the turbulence of *Anti-Oedipus* now seems more relevant than the static eternity of *A Thousand Plateaus* (in which

the 'second' Oedipus, of *Oedipus at Colonus*, seems to wander like a revenant; the book echoes with a sense of 'afterwardsness').

We are thus left with at least three ways of understanding the economics of *Capitalism and Schizophrenia*. One appears most clearly in *Anti-Oedipus*, and is based on the ideas of Brunhoff. The second only emerges in *A Thousand Plateaus*, and is founded on the ideas of Schmitt. The third, a combination of theses from both Brunhoff and Schmitt, may be closest to Deleuze's actual intentions in *Anti-Oedipus* (and the 1971 seminar), but is incoherent. Brunhoff's theory seems to make more sense of the period we are living through, and also helps to bring to light trajectories in *Anti-Oedipus* that were perhaps not clear when it was written. *Anti-Oedipus* was composed at the turn of the 70s, at the peak of the long boom, on the eve of the Nixon shock and the OPEC crisis; in other words in a time when 'surplus absorption' might have seemed like the main problem. But as Sweezy himself would later document with Harry Magdoff in *Stagnation and the Financial Explosion*, the crises and stagnation of the 70s led to a new phase, in which enterprises increasingly sought to realise their now dwindling surpluses by financial means (a process which John Bellamy Foster and Fred Magdoff contend in *The Great Financial Crisis* ultimately terminated in the 2008 financial crisis). The *financial* madness only really began in the period *after Anti-Oedipus* was written. Sweezy's turn to financial issues in the 80s could be held to show the transient nature of the 'surplus absorption' problem, which, if it existed, was perhaps no more than an episode, specific to the post-war situation. The overall trajectory, as Brunhoff demonstrates in *Marx on Money*, is towards the financialization of capitalism, and the instability that goes with it. The 'madness' of capitalism is thus not an effect of the choking of the system with surplus; it is tied up with a specific kind of acceleration: the acceleration of financialization and the precipitation of crisis. It can be inferred that, from their historical position, Deleuze and Guattari were not able to discern the real movement that Brunhoff had already clearly articulated. But they also remained conceptually unclear about where the acceleration was heading. The real movement has only become clear in the wake of the financial crisis. Perhaps it will be possible to move towards a new theory, in which the rise and fall of surplus value can be related to the vicissitudes of financialisation, which could be represented as a third epoch in the formation of surplus value.

It was remarked that the connections between Schmitt and the social surplus approach are still worth exploring further, since all the questions about value, surplus value, and the creation of value by machines, are far from being resolved. A further reason for turning to Schmitt can be singled out from the perspective of the British post-crash economy. Schmitt's investigation into the 'charging' of the power of money, combined with the observation of the *absence* of such 'charging' after quantitative easing, provoke interesting and very contemporary questions about the relation of money to the productive economy. The money supplied by the central Bank in Britain has precisely *not* been 'charged' with purchasing power and employment by the commercial banks and enterprises; instead, the hiatus was used to re-engineer a low-wage economy, facilitated by, amongst other things, the draconian use of benefit sanctions. This could serve as further proof that Deleuze is mistaken in his ideas about 'monetarization': the money supply situated in the central Bank and the money creation of the banks are different things. Furthermore, with monetary power no longer 'charging' wages with purchasing power, and the return of the subsistence wage, objections to the idea that labour power is bought and sold also crumble away. But the failure of the British economy to conform to Schmitt's model is nevertheless instructive. Without a restoration of the relation of money to labour-time after the crisis, the sudden loss of monetary power led to the opening up of a chasm between financial and industrial capitalists on the one side, and workers and the rest of the population on the other. Capitalists and the State joined together in an exercise of dissimulation. The deep dependency between the decentralising forces of commercial banks, financial intermediaries and commercial enterprises, and the unifying force of the central Bank and the need to maintain convertibility between the threatened credit money and the other more material kinds of money (rooted in wages), needed to be newly dissimulated. Enterprises needed to maintain the illusion that they were 'private', and the State, exposed once more as the protector of a financial elite, needed to maintain the illusion it was 'public'. But the conditions had changed: speculative capital no longer moved on its own, and now mummified by the bandages of State money, was instead to be seen shuffling around attached to a drip, attended by State medics. In the intensive care-unit of the economy, quantitative easing steadily provided enterprises with life-support, restoring balance

sheets, but not activating the real economy. It was significant that the London wing of the Occupy Movement seemed to dematerialise after an action in Threadneedle Street, leaving the pressing question of the status of the money behind quantitative easing hanging in the air.[75] For the truth was there for all to see: money indeed seemed to have lost its 'charge', its 'objective' power. What was 'capitalism' after the crisis? Property ownership; not rocking the boat; steely dissimulation; the feudal babble of social media and networking. The ghosts of Ricardo and the capitalists of the Golden Age would have thought that capitalism had died. But perhaps capitalism really had encountered its limits, in full view, and still no one could quite believe it.

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NOTES

1. Gilles Deleuze and Félix Guattari, *Anti-Oedipus: Capitalism and Schizophrenia*. Trans. Robert Hurley, Mark Seem and Helen R. Lane. London, Athlone Press, 1984, 139/163; cf. 33/41. Hereafter abbreviated as 'AO'; French pagination given second.
2. In their 2010 collection *The Great Financial Crisis*, John Bellamy Foster and Fred Magdoff point out that a distinction between two forms of money can be found in Keynes, and that it is important for understanding the recent financial crisis. In "A Consequence to the Banks of the Collapse of Money Values" (first published in August 1931, and collected in *Essays in Persuasion*) Keynes wrote: "There is a multitude of real assets in the world which constitute our capital wealth—buildings, stocks of commodities, goods in course of manufacture and of transport, and so forth. The nominal owners of these assets, however, have not infrequently borrowed *money* in order to become possessed of them. To a corresponding extent the actual owners of wealth have claims, not on real assets, but on money. A considerable part of this 'financing' takes place through the banking system, which interposes its guarantee between its depositors who lend it money, and its borrowing customers to whom it loans money wherewith to finance the purchase of real assets. The interposition of this veil of money between the real asset and the wealth owner is a specially marked characteristic of the modern world" (Keynes, *Essays in Persuasion*. London, Macmillan, 1931, 169). According to Keynes, the emergence of the stock market led to the bifurcation of two different pricing structures: the pricing of physical output and the pricing of financial assets (Foster and Magdoff, *The Great Financial Crisis*, New York, Monthly Review Press, 2009, 16), which in turn "invited a periodic decoupling of the market for assets from production", and the permanent possibility of speculative bubbles (for while "speculators may do no harm as bubbles on a steady stream of enterprise", it is a different matter "when enterprises become the bubble on a whirlpool of speculation" (Keynes, *The General Theory of Employment, Interest and Money*. London, Macmillan, 1973 [1936], 159). Foster and Magdoff relate Keynes's thoughts here to Hyman Minsky's hypothesis of financial instability; their own theses about the financial crisis are based more directly on Paul Sweezy's work of the 1980s on debt and finance (Sweezy and Magdoff, *Stagnation and the Financial Explosion*. New York, Monthly Review Press, 1987). As is discussed in section I (and in footnote 24 below), the modern theoretical distinction between two forms of money is older still, going back to Adam Smith and Thomas Tooke.
3. Gilles Deleuze, Vincennes Seminar, 21/12/1971, www.webdeleuze.com/php/texte.php?cle=121&groupe=Anti+Oedipe+et+Mille+ Plateaux&langue=1e. Hereafter abbreviated as '1971 Seminar'.
4. Gilles Deleuze and Félix Guattari, *A Thousand Plateaus: Capitalism and Schizophrenia* [1980]. Trans. Brian Massumi. London. Athlone, 1988. Hereafter abbreviated as 'ATP'; French pagination given second.
5. See Suzanne de Brunhoff, "Marx's Contribution to the Search for a Theory of Money", in Fred Moseley, ed. *Marx's Theory of Money: Modern Appraisals* (Basingstoke, Palgrave Macmillan, 2005), and "Financial and Industrial Capital: A New Class Coalition" in Alfredo Saad-Filho's collection *Anti-Capitalism* (London, Pluto Press, 2012).
6. Brunhoff's and Schmitt's work of the 1960s in a sense inhabits a fold of historical time, to the extent that in the United States a new version of the quantity theory, associated with Milton Friedman and the 'Chicago School', was in the process of emerging, going on to become dominant in the 1970s (and inspiring Thatcher's and Reagan's economic policies). Although Brunhoff goes on to address Friedman's approach in *La politique monétaire: un essai d'interprétation marxiste* (Paris, PUF, 1973, 101, 170-3), and in "Questioning Monetarism" (*Cambridge Journal of Economics*, 6, 1982, 285-294), *The Money Supply* contains no references to Friedman, instead focussing on the version of the quantity theory advanced by Don Patinkin in *Money, Interest and Prices* and what during the 1960s was called the 'New View' of money, expounded by Gurley and Shaw and by other monetary theorists such as Lyle Gramley and Samuel Chase (co-authors of a frequently cited 1965 paper on "Time Deposits in Monetary Analysis"), and James Tobin (whose paper from 1963, "Commercial Banks as Creators of 'Money'" (in D. Carson, ed. *Banking and Monetary Studies*. Homewood, Ill., Richard D. Irwin, Inc, reprinted in D. Hester and J. Tobin, *Financial Markets and Economic Activity*, New York, John Wiley, 1967) contains a clear account of the differences between the (then) 'Old' and 'New Views'). In a 1968 overview, "The Role of Money and Monetary Policy" (*Federal Reserve Bank of St. Louis Review*, 50, 8-24), Karl Brunner argued that Gurley and Shaw, and other proponents of the 'New View', who tended to stress the limitations of the central bank and monetary policy, and the lack of direct relation between changes in the money stock and the real economy, could be criticised for not proposing testable hypotheses of their own. Brunner contends that 'monetarism' (his label for the new improved version of the quantity theory) remains unscathed by the critiques of the 'New Viewers' (Brunner, 11-12). For a historical account of the 'New View', see L. Randall Wray, *Money and Credit in Capitalist Economies: The Endogenous Money Approach*. Aldershot, Edward Elgar, 1990, 138-46. John Gurley abandoned the framework of *Money in a Theory of Finance* in the late sixties and became a Maoist (see Gurley, "Capitalist and Maoist Economic Development", *Bulletin of Concerned Asian Scholars*, 2, 1970; and Gurley, "The State of Political Economics", *American Economic Review*, 61:2, 1971, 53-67 (with responses by economists Robert M. Solow and Robert L. Heilbronner and psychologist Henry W. Riecken).
7. Suzanne de Brunhoff, *L'offre de monnaie*. Paris, Maspero, 1971, 110. Hereafter abbreviated as 'OM'.
8. OM, back cover. However, the terms 'dialectic' or 'dialectical' do not appear in the book itself (the sole exception is p. 84, but the passage does not discuss the relationship between finance and money).

9. Alfredo Saad-Filho associates Brunhoff's theory with the 'value-form' approach inspired by Isaac Rubin (Saad-Filho, *The Value of Marx*, London, Routledge, 2002, 26), in which labour only becomes 'abstract' through its social equalisation in an economy of private commodity producers. He suggests that her theory is consistent with the 'New Interpretation' of the relation of values and prices developed by Duncan Foley and Gérard Dumenil, where prices are seen as the "monetary expression of labour time". Foley wrote the preface to the English edition of Brunhoff's *Marx on Money*. For Brunhoff's interpretation of the law of value, see Brunhoff, *La politique monétaire*, Paris, PUF, 1973, 51-96.
10. Thus Brunhoff rejects the idea that Marx holds a Ricardian 'commodity theory' of money (where gold functions as money primarily because it is itself a desirable commodity), showing that Marx's emphasis is on "the genesis of the money-form" and the way gold is structurally "set off against" other commodities once it takes on the role of general equivalent (Suzanne de Brunhoff, *Marx on Money* [1967]. Trans. M.J. Goldbloom, New York, Urizen Books, 1976 [hereafter abbreviated as 'MM'], 23), and that his overall argument is that money as general equivalent tends to be realised only in credit systems underpinned by a central bank. Nevertheless Marx cannot be said to hold a 'credit theory' of money either (Marx rejects a version of this approach to money, contending that credit money is a structure that supervenes on money as an element of commodity exchange; cf. Karl Marx, *Capital*, Volume II [1885]. Trans. David Fernbach. London, Penguin, 1992, 192n. Rather, according to Brunhoff, Marx holds a "monetary theory of credit" (MM 51). The distinction between 'commodity' (or 'metallist') and 'credit' theories of money comes from Schumpeter (see Geoffrey Ingham, *The Nature of Money*, London, Polity, 2004, 6); for Schumpeter's description of Marx as a metallist, see Schumpeter, *History of Economic Thought*. London, Allen and Unwin, 1954, 702.
11. Karl Marx, *Contribution to the Critique of Political Economy*. Trans. S.W. Ryazanskaya, ed. M. Dobb. London, Lawrence and Wishart, 1970, 65-6; cf. Marx, *Capital*, Volume I [1867]. Trans. Ben Fowkes. London, Penguin, 1990, 187. Brunhoff shows how Marx distinguishes between 'measure of value', insofar as it relates to labour-time, and the associated notion of 'standard of price', which corresponds more closely to the formal notion of 'money of account' (MM 28-30).
12. Brunhoff, "Marx as an a-Ricardian: Value, Money and Price at the Beginning of *Capital*", *Economy and Society*, 2:4, 1973, 426.
13. Marx, *Contribution to the Critique of Political Economy*, 120-1; cited in MM 37.
14. Brunhoff notes that Marx discussed money as "object of a specific demand" in *The Poverty of Philosophy* (Brunhoff, MM xv, 34), and suggests that, while he dropped his early theory, a related set of concerns is to be found in his mature discussions of hoarding in Volume I of *Capital*. Hoarding however gains a more structural function in *Capital*, arising because "the difference between the amount of commodity money with a variable value originally produced, and the amount of money with a given value in actual circulation, must be reabsorbed" (ibid, 38). Hoarding has the regulatory function of "absorb[ing] the supply of money in excess of the needs arising from transactions". But it also has the disadvantage of interrupting the flow of sales and purchases, and causing disturbances. Hence the shift to money as 'means of payment', which allows credit to serve as money.
15. Marx, *Contribution to the Critique of Political Economy*, 102; cited in OM 119.
16. The principle of 'flux and reflux' was developed by John Fullarton in *The Regulation of Currencies* (1844). Tooke incorporated Fullarton's ideas into Volume IV of his *History of Prices*, where he defines the 'law of reflux' as follows: "This Law operates in bringing back to the issuing banks the amount of their notes, whatever it may be, that is not wanted for the purposes which they are required to serve. The reflux takes place chiefly in two ways: by payment of the redundant amount to a banker in a deposit account, or by the return of notes in discharge of securities on which advances have been made" (Tooke, *History of Prices*, Vol. IV, p. 185, cited in Arnon, *Thomas Tooke: Pioneer of Monetary Theory*, Cheltenham, Edward Elgar, 1993, 135). Marx makes use of Fullarton's and Tooke's conception both in the *Contribution to the Critique of Political Economy* and in *Capital*, Volume III, [1894]. Trans. David Fernbach. London, Penguin, 1981, 438, 462. Cf. the discussion in MM 91-92. In the *Contribution to the Critique*, Marx discovers a reference to the principle in Edward Misselden's *Free Trade, or the Means to make Trade Florish* (1622): "There is indeede a fluxus and refluxus, a flood and ebbe of the monies of Christendome within it selfe; for sometimes there is more in one part of Christendome, sometimes there is lesse in another, as one Countrey wanteth and another aboundeth: It cometh and goeth, and wirleth about the Circle of Christendome, but is still contained within the compasse thereof. But the money that is traded out of Christendome into the parts aforesaid is continually issued out and never returneth againe" (p. 19-20; cited in Marx, *Contribution*, 131).
17. Marx, *Capital*, Vol. III, 706.
18. Brunhoff, *La politique monétaire*, 17-50.
19. Deleuze and Guattari cite this passage in *Anti-Oedipus* (AO 230/272-73).
20. The French phrase could also conceivably be translated as 'monetary politics'; the linguistic distinction between 'politics' and 'policy' does not exist in French.
21. Brunhoff, "Fictitious Capital", in J. Eatwell, M. Milgate and P. Newman, eds., *Marxian Economics*. The New Palgrave, Macmillan Reference, 1987, 187.
22. "The notion of fictitious capital derives from that of loaned money capital" (Brunhoff, "Fictitious Capital", 187).

23. Brunhoff refers to Althusser, "On the Materialist Dialectic" (1965); cf. the section 'Structure in Dominance: Contradiction and Overdetermination' in Louis Althusser, *For Marx*. Trans. Ben Brewster, London, New Left Books, 1969, 200-18.
24. Cf. Marx, *Contribution to the Critique of Political Economy*, 105-6; 185-7; Arnon, *Thomas Tooke*, 4). Tooke argued that if quantity theorists accepted that notes could be a substitute for gold, then there was no reason not to include other forms of payment, such as the commercial bills exchanged between wholesale dealers discussed by Adam Smith (Tooke, *Inquiry into the Currency Principle*, London, Longman, 1844, 17-20; 33-37; Smith, *Wealth of Nations* [1776]. Oxford, Oxford University Press, 1976, 322; Arnon, *Thomas Tooke*, 104). However, in the circulation of the dealers with one another, money usually functioned as capital rather than currency, and sometimes did not involve currency at all. Tooke's move was to invert the causality of the quantity theory altogether. Where the quantity theory held that an increase in the quantity of money mechanically led to a rise in prices, Tooke argued that the quantity of money in the economy depends on the level of prices, the state of demand in the economy, and on what Keynes would later call the 'liquidity preference' of borrowers. The 'money supply' depends on the demand for money by enterprises, government, and the public, and different kinds of money tend to be demanded by these three different sectors. Given these constraints, an increase in the money supply would not necessarily feed directly and mechanically into the economy. In contemporary terms, this meant that money was to be taken as an endogenous and not an exogenous variable (as it is in the classical version of the quantity theory, which treats it as an independent, 'neutral' variable, a simple freely circulating fluid (or "oil" as Hume put it) without any internal qualitative differences, and without internal relations to specific kinds of circulation, such as the 'flux and reflux' of loans and their settlements). Denying the basic premise of quantity theory that an increase in the money supply automatically leads to a rise in prices, Tooke's collaborator on the final volume of his *History of Prices*, William Newmarch, referring to Adam Smith's metaphor comparing money to a road (Smith, *Wealth of Nations*, 321), remarked that "to say that an increase in money will at once produce a proportionate increase in prices is as absurd as to say that the widening of a road will at once produce a proportionate increase in traffic" (E. Victor Morgan, *The Theory and Practice of Central Banking, 1797-1913*, Cambridge, Cambridge University Press, 1943, 231-2). Monetary stimulus only works if it stimulates effective demand, and prices only tend to rise if real wealth has been increased. In other words, using Brunhoff's and Althusser's language, the money supply cannot be determined independently of the economic conjuncture.
25. Brunhoff refers to a discussion by Marx of the increase of the money supply during the suspension of the 1844 (quantity-theory based) Bank Act. "Since the centralized organisation of credit in England makes it possible in time of crisis to use the national bank's own credit, 'guaranteed by the credit of the nation' [Marx, *Capital*, Vol. III, 535], it is necessary in times of scarcity to increase the supply of banknotes so as to avoid the collapse of the system of payments and limit the effects of speculative hoarding. It is not because he supports the quantity theory that Marx favours a dishoarding of banknotes. Rather, it is because he thinks that this increase in supply compensates for a partly artificial scarcity, makes it possible to satisfy the increased demand for money, and preserves the special elasticity of credit in relation to metallic reserves" (MM 120). (The discussion in Volume III of *Capital* is assembled from Marx's notes by Engels).
26. See Thomas Mayer, "The Inflexibility of Monetary Policy", *Review of Economics and Statistics*, 4:4, 1968, 358-374, cited in OM 128.
27. Marx, *Capital*, Vol. I, 139.
28. François Rachline, "La Nature de la monnaie", *Revue économique*, 33:3, 1982, 446-7.
29. Augusto Graziani, *The Monetary Theory of Production*. Cambridge, Cambridge University Press, 2003. Identifying the seed of French circuit (sometimes called 'circulationist') theory in an article by Jacques Le Bourva ("Création de la monnaie et multiplicateur du credit", *Revue économique*, 13:1, 1962, 29-56 [partial translation in Le Bourva, "Money creation and money multipliers", *Review of Political Economy*, 4:4, 447-62]), in which is found "one of the first and more lucid presentations of the monetary circuit as well as of the process of money creation and destruction, both viewed as endogenous phenomena", Graziani notes that "the revival and analytical development of circuit theory in France has been due to three main groups of authors. The so-called Dijon school is headed by Bernard Schmitt, an author who has given a precise formulation of the principles of the theory, defined a particular terminology and constantly applied both of them in his works. The research by Schmitt goes beyond mere theoretical analysis and is largely concerned with problems of both international payments and developing countries, which he examines from his very individual theoretical point of view" (Graziani, *The Monetary Theory of Production*, 3; he cites Schmitt's 1972 *Macroeconomic Theory* here; the other two key French circuitists to whom Graziani refers are Alain Parguez and François Poulon). Louis-Philippe Rochon also discusses Schmitt's influence on circuit theory in *Credit Money and Production* (Louis-Philippe Rochon, *Credit Money and Production: An Alternative Post-Keynesian Approach*. Cheltenham, Edward Elgar, 1999, 14, 35). Ghislain Deleplace and Edward Nell note the influence of Schmitt in their massive anthology of post-Keynesian and circuitist thought, *Money in Motion*. They say that "in Schmitt the rejection of Patinkin's solution and the reinterpretation of Keynes' *General Theory* have probably given the main impulse to the present circulation approach" (Deleplace and Nell, "Introduction: Monetary Circulation and Effective Demand", in *Money in Motion: The Post-Keynesian and Circulationist Approaches*, London, Macmillan, 1996, 10; Schmitt's analysis of Keynes is developed in *L'analyse macroéconomique des revenus*). Despite the acknowledged influence of Schmitt on circuit theory, few of its exponents seem to explicitly ground themselves on the theories developed in Schmitt's *Money, Wages and Profits*. Note Graziani's remark about Schmitt's "very individual theoretical point of view", and the absence of reference to *Money, Wages and Profits* in *The Monetary Theory of Production*.

30. Piero Sraffa's *Production of Commodities by Means of Commodities* (Cambridge, Cambridge University Press, 1961) implicitly criticises Keynes for neglecting the possibility of determining the distribution of the social product and the level of relative prices through the structure of production, while Keynesians, on the other hand, tend to criticise Sraffa for his lack of attention to money (Minsky writes, for instance, that "at the arid level of Sraffa, the Keynesian view that effective demand reflects financial and monetary variables, has no meaning, for there is no monetary or financial system in Sraffa" (Hyman Minsky, "Sraffa and Keynes: Effective Demand in the Long Run", in K. Bharadwaj and Bertram Schefold eds., *Essays on Piero Sraffa: Critical Perspectives on the Revival of Classical Theory*, London, Unwin-Hyman, 1990, 363). Augusto Graziani (in "Piero Sraffa's Vision of the Capitalist Process" [1983], *Research in Political Economy*, 15, 1996, 291-98) and Riccardo Bellofiore ("Sraffa in Context", *Research in Political Economy*, 15, 1996, 305-14) have suggested ways of synthesising post-Keynesian and circuit approaches with Sraffa's theory. But Schmitt's *Money, Wages and Profits* was a pioneer attempt at such a synthesis. Part of the sense of monstrosity that Deleuze picks up on in Schmitt's approach in *Money, Wages and Profits* might come from its attempt to force Keynesian and Sraffian views, which are fundamentally opposed in many ways, into some kind of consistency. A brief outline of the fundamentals of Sraffa's theory is given in the section on 'The Complementarity of Wages and Profits' below.
31. Bernard Schmitt, *Monnaie, salaires, profits* [1966]. Albeuve, Castella, 1975, 9. Hereafter abbreviated as 'MSP'.
32. W.S. Jevons, the founder of marginalist theory in the English-speaking world, wrote in 1879 that "when at length a true system of economics comes to be established, it will be seen that that able but wrong-headed man, David Ricardo, shunted the car of economic science on to a wrong line" (Jevons, *The Theory of Political Economy* [1871], ed. R.D. Collinson Black, Harmondsworth, Penguin, 1970, Preface to 2nd edition, 72). It was wrong to say (1) that use value was irrelevant in determining economic value, (2) that exchange-value is the logically prior concept in determining economic value, and (3) that the exchange value of commodities is grounded on the 'absolute value' contributed by labour in making them. Jevons instead proceeded to determine economic value through a modified theory of utility. Utility is a subjective value that can be measured (along the lines of Bentham's utilitarianism) "by the addition made to a person's happiness" (ibid, 106). But, in Jevons' terms, 'total utility' must be distinguished from 'final utility'. "The total utility of the food we eat consists in maintaining life, and may be considered as infinitely great; but if we were to subtract a tenth part of what we eat daily, our loss would be but slight. We should certainly not lose a tenth part of the whole utility of food to us. Jevons then proposes a model for what became known as a marginal utility curve: "Let us imagine the whole quantity of food which a person consumes on an average during twenty-four hours to be divided into ten equal parts. If his food be reduced by the last part, he will suffer but little; if a second tenth be deficient, he will feel the want distinctly; the subtraction of the third tenth part will be decidedly injurious; with every subsequent subtraction of a tenth part his sufferings will be more and more serious, until at length he will be on the verge of starvation. Now, if we call each of the tenth parts *an increment*, the meaning of these facts is that each increment of food is less necessary, or possesses less utility, than the previous one" (106). The capacity to compare different increments gives one a principle of 'final' utility. "All our appetites are capable of *satisfaction* or *satiety* sooner or later, in fact, both these words mean, etymologically, that we have had *enough*, so that more is of no use to us" (111). We only need so much food, water and air, for instance. Jevons thus arrives at the "great principle of the ultimate decrease of the final degree of utility of any commodity" (112), or what became known as its *marginal* utility. (As we will see below, Deleuze and Guattari end up deploying a "modified marginalism" in *A Thousand Plateaus*, using an alcoholic's last glass as their example (ATP 438/546); we will come back to the question of what to make of this below: see footnote 67). This approach to economic value, arrived at independently in Carl Menger's *Principles of Economics*, thus cuts away at the opening argument in Marx's *Capital*. The marginalist denies the existence of something called 'labour value' on empiricist grounds, and claims that exchange-value can, contra Marx, be explained in terms of use-value, if one introduces the principle of marginal utility as the method of comparison. Walras goes on to show how prices can be defined on this basis as "relative values in exchange" (Walras, *Elements of Pure Economics* [1st edition 1874], translation of 1926 edition by William Jaffé. Homewood, Ill., Richard D. Irwin, 1954, 86): each commodity "in addition to its own specific utility, acquires a special property, namely, that of being exchangeable against any other scarce thing in such and such a determinate ratio" (ibid, 67). The model of the equilibrium of supply and demand is then built by Walras on this basis.
33. Don Patinkin, *Money, Interest and Prices*, *Money, Interest and Prices: An Integration of Monetary and Value Theory*. 2nd edition. New York, Harper, 1965, 15.
34. Cf. Rachline, "La Nature de la monnaie", 460.
35. Marc Lavoie, *Foundations of Post-Keynesian Economic Analysis*. Aldershot, Edward Elgar, 1992, 149.
36. John Maynard Keynes, *Treatise on Money*, New York, Harcourt, Brace and Co, 1930, 3 (cited in MSP 156).
37. Keynes, *Treatise*, 23-33; MSP 156-57.
38. Lavoie, *Foundations*, 151.
39. In *Problémes monétaires d'aujourdhui* (Paris, Sirey 1963), Émile James suggested that "perhaps it is an abuse to talk [...] of the 'creation' of money, if one wants to give to the word 'create' its full traditional sense: 'made from nothing'. The banks

have more of a multiplying power than a truly creative one" (82-3). Georges Petit-Dutaillis, on the other hand, claimed that banks do indeed "create means of payment *ex nihilo*", although they do not 'create' capital (*Le crédit et les banques*, Paris, Sirey, 1964, 39). Passages cited in MSP 204, 206.

40. Schmitt's point here can be grasped by referring to a similar conception in circuit theory. Marc Lavoie says that circuit theorists take money to be "integrated within the economy through production rather than exchange. The creation of money arises as a result of the creation of new liabilities within the process of income expansion" (Lavoie, *Foundations*, 151). The expansion of production requires credit, so credit money must be theoretically and practically integrated into production and considered as both a financial and monetary variable. As Mario Seccareccia puts it, "enterprises are perpetually engaged during discrete intervals in a circular process of acquiring or extinguishing their debt vis-a-vis the banking system. Money appears in the system only once production has been financed by bank credit" (cited in Rochon, *Credit Money and Production*, 14).

41. Schmitt also uses the analogy of blood and oxygen: "Integration shows that money and its power of purchase are in circulation like blood and its oxygen". Blood can be depleted or enriched with oxygen successively. "In the same way money in circulation in the body of society is enriched by the objective power of buying current productions, losing its power in proportion to its final purchases of these goods" (MSP 11).

42. Schmitt is less charitable than Brunhoff about the 'New View' (see footnote 6 above): Although Gurley and Shaw also seek to rethink money as a form of debt, he writes that "It is necessary to reproach Gurley and Shaw for having given a very impoverished image of banks in *Money in a Theory of Finance*. Their primary role is not that of 'intermediaries'. And no activity of pure transmission can be prolonged by monetary creation. Besides, this whole book is constructed (according to the authors' own avowal) in the imaginary world of the neoclassical economists" (MSP 300).

43. Schmitt seems to like the word 'mutation'; as we saw, he also applies it to the *historical* transformation from metallic money to credit money. When Deleuze and Guattari cite Schmitt's depiction of the "deformation, convulsion and explosion, and extreme violence" introduced by money creation (AO 250/298), they could be referring to either or both of the kinds of 'mutation' just mentioned in the main text. Schmitt says: "Money is not this docile good that one imagines, plane mirror of unchanged real events. It introduces a deformation, a convulsion, an explosion, in short a moment of extreme violence: production, net creation. Distributed to the factors of production, it is added to the goods on the market, by the objective power that it takes from them. Before production, money was nothing, circulatory object, subjective bond, unpaid banking debt. From the moment of the remuneration of factors, money is transfigured, formed into a new possession, into the net power of purchase, into additional revenue, of 'any coin', created as wealth in the eyes of the totality of the economic subjects" (MSP 285-86). There could be said to be 'violence' in the initial influx of money, but also, more transparently, in the way that the social organisation of the reflux shapes or warps "social space".

44. David Ricardo, *Letters, 1810-1815*, *Works and Correspondence of David Ricardo*, Volume VI, Cambridge, Cambridge University Press, 1951, 121, partially cited in MSP 134.

45. "In his *General Theory*, J-M. Keynes praises the logical rigorism of Ricardo [*General Theory of Employment, Interest, Money*, 33]: but it is not certain that David Ricardo was not before everything an intuitive thinker: ordered from a single master idea, the developments are necessarily cohesive and coherent" (MSP 136; cf. 131).

46. Piero Sraffa, Introduction to David Ricardo, *The Principles of Political Economy and Taxation*, *The Works and Correspondence of David Ricardo*, Vol. I. Cambridge, Cambridge University Press, 1951, xxxi.

47. Ricardo, *Letters, 1810-1815*, *Works*, Volume VI, 108.

48. Sraffa, Introduction to Ricardo's *Principles*, xxxii.

49. As Ricardo puts it in the *Principles*, "The value of a commodity .... depends on the relative quantity of labour which is necessary for its production, and not on the greater or less compensation [*salaires* in MSP] which is paid for that labour" (Ricardo, *On the Principles of Political Economy and Taxation*, *Works and Correspondence of David Ricardo*, Volume I, 11; cited in MSP 138).

50. Marx, *Capital*, Vol. II, 471.

51. Sraffa, *Production*, 3.

52. "This earlier 'classical' or 'surplus' approach, as it has been called, had its beginnings with writers like William Petty and Richard Cantillon, found its first systematic expression in Quesnay's *Tableau Economique* of 1758, became dominant with the classical economists from Adam Smith to Ricardo and was then taken over and developed by Marx at a time when the mainstream of economic analysis was already moving in a different direction" (Pietroangelo Garegnani, "Surplus Approach to Value and Distribution", in J. Eatwell, M. Milgate and P. Newman eds., *The New Palgrave Dictionary of Economics*, Vol. 4. London, Macmillan, 1987, 560.

53. Garegnani, "Surplus Approach to Value and Distribution", 561.

54. See Ronald Meek, "Mr. Sraffa's Rehabilitation of Classical Economics", *Scottish Journal of Political Economy*, Vol. 8, 1961; reprinted in J. Cunningham Wood, ed. *Piero Sraffa: Critical Assessments*, Volume IV. London, Routledge, 1996, and Maurice Dobb, "The Sraffa System and the Critique of the Neo-Classical Theory of Distribution", *De Economist*, 1970, 118, 347-362; reprinted in E. Hunt and J. Schwartz eds., *Critique of Economic Theory*. Harmondsworth, Penguin, 1973. For an invaluable history of the debates, see M.C. Howard and J.E. King, *A History of Marxian Economics*, Vol. II, *1929-1990*. London, Macmillan, 1992, and the 1985 edition of their *The Political Economy of Marx*, London, Longman, 1985 [first ed. 1975], which also attempts a synthesis of Marxism and the surplus approach.

55. Ricardo argues that Adam Smith is wrong to think of rent as a separate stream of revenue that affects the exchange value of agricultural produce. The rule that governs the exchange value of agricultural products is rooted in the "comparative quantity of labour by which they were produced" (*On the Principles of Political Economy and Taxation*, 77-78). To be sure, the more fertile land is, the lower the labour input needed to produce the same amount of produce. But what this means is that the value of the produce is ultimately "*regulated* by the quantity of labour bestowed on its production on that quality of land, or with that portion of capital, which pays no rent" (74; italic added). The value of agricultural produce is determined by the quantity of labour needed to produce it under "the *most unfavourable* circumstances" (Ricardo, *Principles*, 73, italics added). As Deleuze and Guattari put it, "the worst land [...] bears no rent, but it makes it so that the other soils do bear rent, 'produce' it in a *comparative* way" (ATP 441/549-50). Originally, "on the first settling of a country" (*Principles*, 69), there is no rent because there is an abundance of rich and fertile land. "No one would pay for the use of land, when there was an abundant quantity not yet appropriated" (69); "if all land had the same properties, if it were unlimited in quantity, and uniform in quality, no charge could be made for its use" (70). So "when land is most abundant, when most productive, and most fertile, it yields no rent; and it is only when its powers decay, and less is yielded in return for labour, that a share of the original produce of the more fertile portions is set apart for rent" (75). This 'decay' does not happen by itself, but is caused by population growth. Increasingly, "land of an inferior quality [...] is called into cultivation"; and this provides the condition for the emergence of rent. "When in the progress of society, land of the second degree of fertility is taken into cultivation, rent immediately commences on that of the first quality" (70). When in turn land of the third quality is taken into cultivation, rent is charged on the second, but at a lower rate than on the first, and so on. Thus for Ricardo, rent is not an 'absolute' sum, a pre-existing stream of revenue alongside wages for labour, but emerges 'differentially', in step with the increasingly intensive character of agricultural production. As we will see in the final section, Ricardo's conception of rent becomes important for Deleuze and Guattari in *A Thousand Plateaus*.

56. Schmitt cites Pierre Dieterlen's discussion of the 'pursuit of profit' in *Au-delà du capitalisme*, Paris, PUF, 1946, chapter 12.

57. Deleplace and Nell point out the way circuit theory in general focuses on how "access to money discriminates groups of agents: banks produce it, firms obtain it to finance production, including paying wages to households", and wages themselves become a "drawing right on the output of consumer goods". All this implies a "specific hierarchy between groups", based on economic sector. Schmitt's conception is similar (Deleplace and Nell, "Introduction: Monetary Circulation and Effective Demand", *Money in Motion*, 10-16.

58. In accordance with Marxist terminology, in this passage Deleuze and Guattari name what Schmitt calls banks, 'financial capitalists', and what he calls enterprises, 'industrial capitalists'. See the next footnote for a retranslation of the quotation from Schmitt embedded in this passage.

59. In his discussion of profits as revenues of substitution in *Money, Wages and Profits*, Schmitt actually writes that it is "much too 'facile' to give oneself wages and profits side by side in order to form from their addition the expression of national revenue" (MSP 266). Wages and profits do *not* exist side by side: according to Schmitt, profits are captured *from* wages. In the passage cited by Deleuze and Guattari, what is discussed is profits flowing alongside a reflux, not flowing alongside wages. The passage occurs in the context of another discussion of profit and as an elaboration of the claim that "*the constitution of profits is truly the redistribution of revenues*" (291). Schmitt says: "A good auxiliary image here is indirect fiscality. Taxes swell individual prices and are charged from an additional current in reflux, from a supplement which, far from retracing the initial flux, extends it to the State, so that it makes use of it instead of the taxpayer. Similarly, profits flow, not in reflux, but side by side, in deviation from and not in sanction of the creative flux of revenues [*Pareillement, les profits coulent, non pas dans le reflux, mais côte à côte, en déviation et non en sanction du flux créateur des revenus*; the rendering in the English translation of *Anti-Oedipus* says: "profits do not flow in the reflux, but side by side with, deviating from rather than penalising the flow that creates incomes"]. In their receipts enterprises find two parts; the money that has flowed back and is extinguished, and, in a state of growth, if their affairs are going well, a monetary revenue is deducted from the whole of the revenues distributed. The reflux 'intercepts' ['*surprend*'] a positive purchasing power, which will flow back *through the enterprises* and not through wage-earner or their household" (MSP 291). Schmitt's remarks here refer to his idea that a part of workers' purchases flows back in the reflux to the bank (and are thus 'ratified' or 'sanctioned' by the reflux, rather than 'penalising it', as the English translation says; the term 'sanction' can be read in either way, but the former way is supported by Schmitt's theory), while profits are a deviation from the reflux. Cf. the passage cited earlier on the absorption of revenue by the reflux (MSP 223). So Deleuze and Guattari are wrong to infer that for Schmitt "wages and profits flow side by side". However, they are right, as is suggested above in the section on the complementarity of wages and profits, that Schmitt's conception of profits is not at all Marxist, and is open to attack from a Marxist perspective.

60. This passage also suggests that the notion of surplus value needs to be redefined because of something called "machinic surplus value". On this concept, see footnote 74 below.

61. The full passage discusses the difference between the preconscious 'interest' of capitalists, and their 'unconscious libido'. "The system teems with preconscious investments of class and of interest. And capitalists first have an interest in capitalism. A statement as commonplace as this is made for another purpose: capitalists have an interest in capitalism *only* through the tapping of profits that they extract from it. But no matter how large the extraction of profits, it does not define capitalism. And for what does define capitalism, for what conditions profit, theirs is an investment of desire whose nature—unconscious-libidinal—is altogether different, and is not simply explained by the conditioned profits, but on the contrary itself explains that a small-time capitalist, with no great profits or hopes, fully maintains the entirety of his libidinal investments: the libido investing the great flow that is not convertible as such, not appropriated as such—'nonpossession and nonwealth,' in the words of Bernard Schmitt, who among modern economists has for us the incomparable advantage of offering a delirious interpretation of an unequivocally delirious economic system (at least he goes all the way). In short, a truly unconscious libido, a disinterested love: this machine is fantastic" (AO 374/449). Here the claim is that Schmitt's idea of banking credit as a 'non-possession' corresponds to the object of an unconscious libidinal investment. The flow of credit appears as object of an unconscious fantasy that supports the capitalist's preconscious investment in generating profits. The psychoanalytic aspects of Deleuze and Guattari's theory are entirely left out of the discussion in the present essay.
62. Cf. Brunhoff's remarks on the constraints on money creation imposed by the relation between central Bank and commercial banks (OM 38, 44). Interest rates on loans are decisive in constraining the creation of money (127); banks need to 'attract' deposits by offering interest, before they are able to 'create' money (100).
63. Brunhoff, *La politique monétaire*, 175.
64. This is not to say there is no significant overlap between Schmitt's and Brunhoff's discussions of modern capitalist economies. As well as the distinction between two forms of money, there are further reasons why Deleuze might have thought there is a hidden identity between Brunhoff's and Schmitt's views. Both Brunhoff and Schmitt criticise the neoclassical approach to money as 'exogenous' (OM 8; cf. MSP 49, 95). When Brunhoff talks about the "mutation" of private banking money into an instrument of exchange (OM 120), she might even be influenced by Schmitt's thinking. However, although Schmitt and Brunhoff both agree that the dominant form of money involves banking flux and reflux, Schmitt opposes this to money as means of payment in acts of purchase of commodities that have been summoned into being by banks, while Brunhoff opposes it to money as a function of the exchange of commodities that have value because of the labour put into them. The meaning of the mutation of money is different in each case. For Schmitt, the mutation of money into wages does not involve any separation of surplus value (s) from variable capital (v) and constant capital (c), nor any reference to the reproduction of human labour power; but for Brunhoff, the mutation of finance into wages does involve its 'descent' into the exploitation of human surplus value.
65. The translation misses out "of flows". With the translation error, the passage suggests that the theory and practice themselves are not schizophrenic enough, a much less defensible position.
66. ATP 437-446/545-558. In *Anti-Oedipus*, although Deleuze and Guattari use the term 'capture', they do not explicitly refer to Schmitt's use of the term, and the occurrences of the term appear in the context of discussions of how surplus value is 'captured' by social 'codes' (cf. AO 39/47, 313/374).
67. On marginalism, see footnote 32 above. "By 'last' or 'marginal' we must understand not the most recent, nor the final, but rather the penultimate, the next to the last, in other words, the last one *before* the apparent exchange loses its appeal for the exchangers" (ATP 437/545); if any less of the desired object were received in the exchange, or any more had to be given up to receive it, one would be better off trying to change one's habits and looking for satisfaction with another kind of object altogether. "It is an economic given of every enterprise to include an evaluation of the limit beyond which the enterprise would have to modify its structure" (438/546). Deleuze and Guattari say that "This is an economics of everyday life", and apply it to the alcoholic's 'idea' of the 'last glass' before returning home. However, they themselves note that this example immediately suggests how the alcoholic can fool himself, with the idea of the last glass easily becoming a highly flexible, indeed meaningless, measure. The example thus backfires on them, although they do not seem to mind: "What counts is the existence of a spontaneous marginal criterion and marginalist evaluation determining the value of the entire series of 'glasses'." They insist that this conception makes exchange a mere appearance and that "there is neither exchange value nor use value but rather an evaluation of the last by both parties (a calculation of the risk involved in crossing the limit), an anticipation-evaluation that takes into account the ritual character as well as the utilitarian, the serial character as well as the exchangist" (439/547); however it is not clear why their adaptation of marginal utility cannot be classed in terms of use value; their claim that "the issue is one of desirability" (ibid) does nothing to alleviate this concern, as Jevons and Menger would continue to class everything Deleuze and Guattari say under the heading of 'utility'; one is left with the impression that Deleuze and Guattari's appeal to 'desire', at least in this passage, is a weak echo of the marginalist drive to ground value on subjective utility.
68. Deleuze and Guattari cite Ricardo's *Principles*, 71, cited by Marx himself in *Capital*, Vol. III, 788: "rent is always the difference between the produce obtained by the employment of two equal quantities of capital and labour". See footnote 55 above for a brief account of Ricardo's conception of differential rent.
69. Deleuze and Guattari note that the "forms of *differential rent* are based on comparison. But Marx maintains the existence of another form, unknown to the theorists (Ricardo), but with which the practitioners, he says, are quite familiar: *absolute rent,* based on the special character of landed property as monopoly" (ATP 567/550). Ricardo had shown how rent can be explained in terms of the labour theory of value, but he thought that there was no such thing as 'absolute' rent, only a 'differential' determination of rent according to the levels of fertility offered by land and the advance of intensive agricultural production. Marx argues, however, that a meaning can be given to the term 'absolute rent' within capitalism. Agriculture is more 'labour-intensive' than other sectors of the economy, and thus involves proportionally less constant capital. If the equalisation of profits (due to the competition between capitals) across industries is assumed, then the prices of production in agriculture should end up below their values. "A capital of a certain size in agriculture produces greater surplus value than it receives in the way of profit, because sectors contribute to the total social surplus value according to the labour power they employ but receive surplus value according to the total capital they advance" (David Harvey, *The Limits of Capital*, London, Verso, 2nd edition, 2006, 350-1; cf. 63). However, the fact that land is finite and of varying quality means that it can be appropriated and become the property of landowners. Marx argues that there is a sense in which "those who derive rent from *monopoly* are right. Just as it is the monopoly of capital alone that enables the capitalist to squeeze surplus-labour out of the worker, so the monopoly of land ownership enables the landed proprietor to squeeze that part of surplus-labour *from the capitalist*, which would form a constant excess profit" (Marx, *Theories of Surplus Value*, Volume II. Trans. S. Ryazanskaya. Moscow, Progress Publishers, 94; italics added. Cited in M.C. Howard and J.E. King, *The Political Economy of Marx*, 104). The landowner can therefore block the equalization process and tap the excess of the value of commodities over their price of production as a "surplus profit" (Marx, *Capital*, Vol. III, 885), converting it into rent. Agricultural products are then sold at above their prices of production, while selling below and up to their values. This part of the excess surplus value that is 'filched' by the landowner thus defines an 'absolute' rent, unenvisaged by Ricardo in his 'differential' account of rent. While Deleuze and Guattari refer to Marx's theory of absolute rent at this point, their Ricardian account of the components of rent as an apparatus of capture already includes the aspect of monopolistic appropriation, and the introduction of Marx appears to make no difference to it. As is discussed in footnote 72, Deleuze and Guattari go on to draw on the distinction between differential and absolute rent in their discussion of the capture of surplus from labour, but the use of the concept of absolute rent in this context turns out to be opaque.
70. Despite the use of Schmitt's ideas in *A Thousand Plateaus*, Deleuze and Guattari ultimately adopt a different conception there of the specific relation of banks to the economy to that of Schmitt himself; and their account also deviates from the Schmitt-influenced ideas about banking and money in *Anti-Oedipus*. Schmitt's idea of the creation of an undivided sum of money by the banks, as we will see in a moment, is generalised into a schema depicting an 'apparatus of capture', while his specific ideas about money creation by the banks are replaced by another conception, based on Edouard Will's discussion of the economy of ancient Greece in his *Korinthiaka* (Paris, Debroccard, 1955). Deleuze and Guattari write that "Will has shown, in relation to the Greek city and in particular the Corinthian tyranny, that money derived not from exchange, the commodity, or the demands of commerce, but from taxation, which first introduces the possibility of an equivalence money = goods or services and which makes money a general equivalent. In effect, money is a correlate of the stock; it is a subset of the stock in that it can be constituted by any object that can be preserved over the long term" (ATP 442/552). They go on to say: "As a general rule, it is taxation that monetarizes the economy; it is taxation that creates money, and it necessarily creates it in motion, in circulation, with turnover, and also in a correspondence with services and goods in the current of that circulation. The State finds in taxation the means for foreign trade, insofar as it appropriates that trade. Yet it is not from trade but from taxation that the money-form derives. And the money-form thus derived from taxation makes possible a monopolistic appropriation of outside exchange by the State (monetarized trade)" (443/552). The claim that "taxation monetarizes the economy" introduces a new idea with no source in Schmitt or Brunhoff, and seems to obscure the interesting perspectives opened up on modern money and banking by Deleuze and Guattari's discussions of the ideas of these latter two thinkers. Even if it were historically true that 'monetarization' begins with taxation, it is not clear how this would assist in understanding modern money and banking. In modern economies, taxation by the State and the monetary activities of the banking system are obviously quite clearly demarcated. Deleuze and Guattari go on to state that rent, profits and taxation are simultaneous parts of an overall structure of capture: "Money is always distributed by an apparatus of power under conditions of conservation, circulation, and turnover, so that an equivalence goods-services-money can be established. We therefore do not believe in a succession, according to which labour rent would come first, followed by rent in kind, followed by money rent. It is directly in taxation that the equivalence and simultaneity of the three develop" (ibid). Thus Deleuze's claim (in the 1971 seminar) that the central Bank creates money, as well as Schmitt's claim that modern banks as a whole create money, here both disappear, and are replaced by a conception in which State taxation is the original source of the "monetarization" of the economy, which somehow works in conjunction with the capture of rent by landowners and of profit by enterprises. Deleuze and Guattari suggest, rather oddly, that this threefold arrangement can be thought of as a new version of Marx's 'trinity formula' (a formula involving wages, profits and rent that Marx himself attributed to 'vulgar' economics). In our discussion in the main text, this aspect of Deleuze and Guattari's account in *A Thousand Plateaus* is bracketed out, for the reasons just outlined here, but also (i) in order to follow Deleuze and Guattari's generalising redeployment of Schmitt's ideas, and (ii) to underline the fact that Deleuze and Guattari's economic theory in this volume is not Marxist. The historical account of the role of taxation seems to add nothing substantial to their theory, and the specific relations between rent, profit and taxation

are not in any case developed in any detail.
71. Deleuze and Guattari say that labour should be treated as a kind of 'stock'. It too can be made the object of a "comparison of activities", and a "monopolistic appropriation". They say that "not only does labour concern the stock—either its constitution, conservation, reconstitution, or utilization—but labour itself is stockpiled activity, just as the worker is a stockpiled 'actant'" (ATP 442/551). Marx would completely reject this, because his fundamental position is that labour is the source of value. Labour might be held in reserve, or deployed on large projects by an imperial State; it is still the source of value, whether it is acknowledged as such or not. In what follows, on the basis of a discussion about *surplus labour*, Deleuze and Guattari go on to implicitly reject Marx's theory of *labour value*. First they say: "Even when labour is clearly separated from surplus labour, they cannot be held to be independent: there is no so-called necessary labour, and beyond that surplus labour. Labour and surplus labour are strictly the same thing". Why? They refer back to an earlier discussion, where they invoke Marx's account of Asiatic mode of production to deduce an "immemorial *Urstaat*, dating as far back as Neolithic times, and perhaps farther still" (427/532-33), that "is erected upon the primitive agricultural communities", and yokes their populations to labour on "large-scale works (surplus labour)" (428/533). Where one might expect an economic account of the difference between labour and surplus labour, they offer a pseudo-historical account of the emergence of an archaic State that can command any amount of labour it likes. Deleuze and Guattari do go on to draw a theoretical distinction between labour and surplus labour, but it is not Marxist: they say that the term 'labour' should be "applied to the quantitative comparison of activities"; while the second term, surplus labour, relates "to the monopolistic appropriation of labour by the entrepreneur (and no longer the landowner)". So the extraction of a *surplus* labour relates to 'monopolistic appropriation' alone; it is not related to any extraction of surplus value *from* labour. They nevertheless assert that "there is no labour that is not predicated on surplus labour. Surplus labour is not that which exceeds labour; on the contrary, labour is that which is subtracted from surplus labour and presupposes it" (442/551); and they infer: "*It is only in this context that one may speak of labour value*, and of an evaluation bearing on the quantity of social labour" (ibid, italics added). They conclude that "since it depends on surplus labour and surplus value, entrepreneurial *profit* is just as much an apparatus of capture as proprietary rent" (ibid, italic added). Three things should be noted here: Deleuze and Guattari offer no economic explanation of the obscure idea that "labour is subtracted from surplus labour"; and, more acutely, they go on to say that *the idea of labour value only makes sense in the context of such a 'subtraction' from 'surplus labour'*. Whatever this means, it surely has nothing to do with Marx: for him labour value is an independent principle, and both surplus value and the allocation of labour derive from it, not the other way around. Finally, given the obscurity of the difference between labour and surplus labour, the notion of profit becomes opaque. As will be discussed shortly in the main text, Deleuze and Guattari turn to Schmitt's account of the difference between real and nominal wages for an explanation of the emergence of profit; but we will see that there are problems with this as well. However, it can already be seen that Deleuze and Guattari's notion of profit has completely different foundations to Marx's, which is defined by the ratio of surplus value to total capital outlay (s/(c+v)).
72. Deleuze and Guattari elaborate that "just as the comparison of lands and the appropriation of land are the apparatus of capture of the *territory*", "labour and surplus labour are the apparatus of capture of *activity*" (ATP 567/552; italics added). They note that "Bernard Schmitt [...] distinguishes between two forms of capture or 'harnessing,' ['*captage*'] which correspond moreover to the two principal figures of the hunt, *waiting* and *pursuit* [MSP 289-90]. Rent would be a residual or waiting kind of capture because it depends on external forces and operates by transfer; profit would be a capture of pursuit or conquest because it derives from a specific action and requires a force of its own or a 'creation.'" (ibid). They then add that what Schmitt says "holds true, however, only in relation to differential rent; as Marx noted, absolute rent represents the 'creative' aspect of landed property *(Capital*, Vol. III, 889)". There are three problems here. First, as was shown in section II, Schmitt thinks that *both* waiting (rent) and pursuit (profit) operate by transfer or substitution; it is just that the latter kind is active rather than passive. Second, to talk of a capture *of* activity does not gel with Schmitt's account: it is rather that the capture of profits *is* active. Third, the reference to absolute rent (see note 69 above) is opaque: although in the passage cited from Marx's chapter on absolute rent, Marx says that in differential rent "landed property seizes only the surplus profit that the farmer would otherwise pocket", so that "landed property simply causes the transfer of a portion of the commodity price that arises without any effort on its part" (*Capital*, Vol. III, 889)—which is broadly consistent with Schmitt's formulation of differential rent as a revenue of transfer—when Marx talks about landed property itself 'creating' a rise in price, he is not referring to the creativity of land as such (as Deleuze and Guattari acknowledge at ATP 567/552), but to the independence of the basis of absolute rent from differential rent, and the raising of the price of production for agricultural produce through the blocking of the equalisation of profits by the monopolistic appropriation of land (see footnote 69 above). But in that case, since absolute rent only involves the capture of a species of 'surplus profit', it has nothing to do with stock, nor can it provide a model for the monopolistic appropriation of profits in general (because it presupposes Marx's definition of profits).
73. After the attempts by Garegnani, Meek and Dobb to reconcile Sraffianism and Marxism, Ian Steedman's *Marx after Sraffa* (London, Verso, 1977) split the two sides and pitted them against each other. See Steedman et al., *The Value Controversy* (London, Verso, 1981) for a snapshot of the debate in the English-speaking world at the time of the publication of *A Thousand Plateaus*. Brunhoff belonged to the anti-Sraffa camp, and contributed, along with Jean Cartelier and Carlo Benetti, to a presentation on "Elements for a Marxist Critique of P. Sraffa" at a colloquium devoted to Sraffa at Amiens in 1973.

Brunhoff's article on "Marx as an A-Ricardian" is based around a rejection of Sraffa and the 'neo-Ricardian' reading of Marx. For a recent account of Sraffa's deep sympathies with Marxism, see Riccardo Bellofiore, "Sraffa and Marx: A Reopening of the Debate", www.host.uniroma3.it/eventi/sraffaconference2010/abstracts/pp_bellofiore.pdf, based on research into Sraffa's unpublished notes.
74. In *Anti-Oedipus* Deleuze and Guattari seem to affirm the heterodox view of the notion of surplus held by Paul Sweezy and Paul Baran in *Monopoly Capital*. This conception goes back to Mikhail Tugan-Baranowsky's *Studies on the Theory and History of Commercial Crises in England*, written at the turn of the twentieth century, and published in several editions in Russian, German and French (but never in English; although see the translation by Alejandro Ramos-Martinez of chapters 1 and 6 of the German edition in *Research in Political Economy*, Volume 18, *Value, Capitalist Dynamics and Money*, 2000). On Marx's view, spelled out in chapter 13 of Volume III of *Capital*, a falling rate of profit is inevitable in capitalism due to an increase in the ratio of constant capital (c) to human labour or variable capital (v), and the consequent fall in the rate of surplus value (s). The more machinery is used in production, the fewer workers are necessary, and since profit is derived from the extraction of surplus value from labour, the overall rate of profit must fall. Tugan-Baranowsky rejected Marx's argument. He pointed out that "every capitalist is convinced that his profit is generated—using Marx's terminology—from the constant part as well as from the variable part of this capital. The capitalist does not notice any difference regarding the creation of profit between both component fractions of capital" (Tugan-Baranowsky, *Studies*, chapter 6, *Research in Political Economy*, 90); and in this, suggests Tugan, the capitalists are correct. The first problem with Marx's argument, he says, is that "the effect of the productivity rise on the value of products is completely neglected. The replacement of workers by machines must increase the productivity of labour" (ibid, 93). The second problem is that there is no reason to expect the rate of surplus value to remain constant during an increasing mechanisation and automatization of production. The corresponding increase in size of the 'industrial reserve army' pushes wages down and raises the rate of surplus value. *"We reach the conclusion that the replacement of workers by machines, in itself and for itself, not only does not imply a tendency for the rate of profit to fall; rather it implies a rising tendency of this rate"* (96). In his *Theory of Capitalist Development* (New York, Monthly Review Press, 1942), in the section entitled "A Critique of the Law" (100-108), Paul Sweezy went on to elaborate a version of Tugan's critique (without mentioning his name in this regard, although he discusses Tugan's critique of Marx's reproduction schemes, which served as a trigger for Rosa Luxemburg's arguments in *The Accumulation of Capital*). The same arguments find their way into chapter 3 of Baran and Sweezy's *Monopoly Capital* (New York, Monthly Review, 1966; Penguin edition, 1968), "The Tendency of Surplus to Rise": "If we provisionally equate aggregate profits with society's economic surplus, we can formulate as a law of monopoly capitalism that the surplus tends to rise both absolutely and relatively as the system develops" (Penguin edition, 80). In his *Qui est aliené* ([*Who is Alienated?*], Paris, Flammarion, 1970; 2nd edition 1979, cited in AO 232/276 and 238/283), Maurice Clavel raises similar points (but mentions neither Tugan nor Sweezy and Baran): "What to respond to the liberal economist who tells us that machines also work", and produce value (25)? Clavel claims that Marx's argument for the falling rate of profit does not get off the ground, again because machines cannot not be said to increase productivity and create value. Deleuze and Guattari's notion of "machinic surplus value", about which quite a large amount of nonsense has been written, needs to be related back to this problematic if it is to make any sense. The point to emphasise here is that Deleuze and Guattari take up and affirm a line of thought that is based on a distinct heterodox tradition in Marxist thought, with a radically different set of implications from orthodox Marxism. For Sweezy and Baran, the problem is not that there will not be enough surplus value for capitalism to continue, but that there is a "tendency for surplus to *rise*". The problem of modern capitalism for them is about how to *absorb* this surplus. Where Marx is concerned with exploitation, Sweezy and Baran become concerned with *waste*: irrational absorption of the surplus in advertising and militarism, for instance. The overheating machines of *Anti-Oedipus*, and the cloying sense of claustrophobia, emerge first of all from Deleuze and Guattari's adoption of the surplus absorption scenario. But Deleuze and Guattari conceal the premise on which the surplus absorption conception rests—the rising of surplus—so their argument is difficult to follow. However, if the surplus did not rise, there would be no need to absorb it. If one discounts Sweezy and Baran's views as non-Marxist, then Brunhoff's theory stands out as one of the few genuinely Marxist components in *Anti-Oedipus*. However, it is too easy to dismiss Sweezy and Baran's view as 'non-Marxist' and leave it there. Part of the power of *Anti-Oedipus* derives from the way it lives, breathes and sweats the crises of twentieth-century Marxist theory. At one level, Deleuze and Guattari see the problem of surplus absorption as making capitalism less, not more, tolerable. They are presumably suggesting that the theory of surplus absorption is consistent at some level with Brunhoff's Marxist theory of money (Baran and Sweezy had not developed a theory of the financial aspects of capitalism at this point, and for Deleuze and Guattari, Brunhoff's theory would have filled the gap). The problem is that Brunhoff rejects Sweezy's views (cf. MM 69-70, and *La politique monétaire*, 136, 180, on the notion of 'monopoly capitalism'), and holds to a relatively orthodox conception of value and surplus value, so it is hard to see how surplus absorption *can* be consistent with Brunhoff's theory of money. Thus, at another level, *Anti-Oedipus* pulsates with overheating machines not just because it has incorporated the theory of surplus absorption, but because there is an inconsistency, pushed under the surface in the text, between the theory of surplus absorption and the orthodox Marxist view of surplus value. If the text expresses the airless world of surplus absorption, it also expresses the bifurcation of Marxist theory in different directions. It floridly presents symptoms of some of the major crises in twentieth-century Marxist theory,

many of which remain unresolved (the Sweezy-Baran-*Monthly Review* school and the orthodox Marxist schools of thought seem to remain just as opposed on the issues of value and surplus value as ever). *A Thousand Plateaus* gives the appearance of having transcended these travails. There, both surplus absorption *and* Brunhoff's theory of money are sidelined, and Deleuze and Guattari move into what it wouldn't be unreasonable to call a 'post-Marxist' climate of thought.
75. *Guardian*, 12 May 2012.