The Evolution of Ultracapital and Actor-Network Capitalism

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This paper reviews distinct critical writings on the current global economic crisis in order to suggest that the crisis represents a distinctly new form of actor-network capitalism, originating in the hybrid financial innovations since the 1970s, the explosive growth in cyber-space potential during the 1990s and the subsuming of the State by finance that accompanied these two processes. The paper proposes the evolution of what is referred to as ultracapital (capital beyond capital) from within the global financial services sector, as a relational space in which to examine actants, networks and processes. Hybrid cyber-, juridical and socio-political spaces are considered in outline alongside the increasingly sophisticated development of new financial services instruments driven by IT innovation toward the fundamental detachment of value from price. These considerations suggest that many of the partial views on the economic crisis within the disciplines of geography, economics and politics need to be re-thought using cross-disciplinary, holistic analyses that utilize relational and actor-network theorization. Finally, the paper suggests that global economic events since 2007 are not just another episode in a series of crises which are endemic to capitalism, but a transitional phase towards an entirely different capitalist topology.

I. Introduction

Each new phase of the global economic crisis that began in 2007 has revealed increasingly complex minutiae about the geography of global financial services connectivity, the role that interconnectivity plays in the production and re-production of capital and indeed about the nature of capital itself. Successive events have made startling revelations, not just about the immensely complex relational spaces of 21st century globalizing capitalism, but how capital is evolving. Many interpretations of the crisis (hereinafter GEC) however, whether Marxian or coming from a more neoclassical orthodoxy (see Harvey 2010; Wallerstein 2009; DeLong 2009 for examples), show a remarkable consistency of approach in perceiving the
crisis (even though from very different political economy perspectives) as obeying certain pre-ordained rules of capitalism.

The GEC to date therefore has been continuously explicated within a determinate capitalism; the various academic disciplines that have examined aspects of the events since 2007 set up critiques which on the whole are functionalist (critiques of regulation and budgetary control, complex derivatives, effective capital ratios, changes in or new laws, differential power structures in democracy, effects of capital flows), institutionalist (the role of the banks, governments, ECB) or a mixture. This paper proposes that there is an alternative translation of the critical development of globalizing capitalism through actor-networks since the end of the last World War in particular, for which those events described by official discourses regard as crises are really no more than punctuation. Through the proposal of an analytical vehicle referred to as ultracapital, it is suggested that the real crises in globalizing capitalism from the end of the 20th century lie in the evolutionary spaces and flows of capitalism as a complex system and that these are crises constituted by the interstitial contractions and expansions of capitalism as a complex bionic system, for which actor-network theory can provide some useful revelations.

Speculation about a post-capitalist society is nothing new, from Castells’ network society (2000) to Netocracy (Bard & Söderqvist 2002) and Suarez-Villa's Technocapitalism (2009; 2012). The suggestion of ultracapital takes a different approach to this growing body of conceptualization by focusing on changes in the meaning, measurement and use of capital itself, by looking at capitalism as a complex evolving actor-network system and through understanding capital as an expression of power (re Bichler & Nitzan 2012). Outside speculative analyses of the future of capitalism or post-capitalism, furthermore, there has been a tendency in both official and academic writings on the set of events since 2007 to take them at face value as 'crises', without looking beyond at their systemic, evolutionary implications. Where evolutionary processes are mentioned, they are rarely perceived as having dynamic complexity of their own and the role of cyberspace in particular is frequently merely functional, acting as a conduit for capital or as the origin of different forms of capital which nonetheless conform to pre-existing rules of capital production. The truly global scale of state bail-out packages and economic downturns, the threat to the dollar and the European monetary system, the collapse of property and housing bubbles around the world and massive losses in productivity and employment notwithstanding, “there is, therefore, nothing unprecedented, apart from its size and scope, about the current collapse” (Harvey 2010, 10).

Opposing views on the nature of capitalism are rooted in their different suppositions as to the essence of capital itself – in the case of Marxists and neo-Marxists that capital is determined by some understanding of the value of labour and labour time, and in the case of the neoclassical school that capital is related to its' utility, or 'utils', through the satisfaction of which profit is related to a social return on capital. There is however a critical school of thought on the nature of
capital, beginning with Marx himself (1887, 947–8), in which (Shaikh 1990, 73) ‘capital is not a thing, but rather a definite set of social relations’. In particular, in detaching capital from abstract concepts such as utility and labour value which are in any event impossible to quantify, it becomes possible to understand capital as the ‘symbolic quantification of power’ (Bichler and Nitzan 2012, 65). Following this school of thought, this paper proposes a different analytical path to evaluate the GEC.

This paper seeks to explore the liminal boundaries between these different schools of thought on the GEC and the relevance of this set of events and processes to triangulating power, capital and spatio-temporal tension, to explore spaces of commonality and dissonance and what may lie beyond. It is proposed that the GEC has revealed fundamental changes, not just in the spatiality of global financial services interrelationships and flows of finance but in the nature of capital itself, involving new forms of network capitalization enabled by the interaction between the limitless relational space provided by information and communications technologies (ICT) on the one hand, and the capitalization of turbulence and flow empowered by temporal micro-distanciation on the other. In the former case, a carbon bond can be given a price unrelated to the location, ownership, use or value of atmospheric carbon and be securitized into a pool of similar bonds using proprietary algorithmic programmes to create a further income stream with no relationship at all to the ability to possess carbon; in the latter case, one minute of High Frequency Trading (HFT) through ICT-dependent programmes and exchanges can generate substantial profits through taking advantage of turbulence too fast to be monitored by humans, turbulence generated substantially by other HFT trading programmes and related only to share movement, not prices, values or commodities.

These new forms of capital, referred to as ultracapital, are highly reflective of the power geometry and the networks that shape them – they are privileged and exclusionary forms of capital, from the ways in which innovative financial services technologies have blended into relational spaces created by their connections to political, social and cultural networks and processes, ‘a ‘defining’ element that has added a whole new realm to the logic of capital accumulation and expansion (Hassan 2011, 394).’ Such relational spaces include the globally important ‘dark pools’, anonymous, officially unregulated and highly-exclusionary trading platforms in which the identities of buyers and sellers are unknown to each other and which depend on sophisticated ‘toxicity measurement framework’ programmes to analyse trading patterns in order to function.

In challenging an emerging array of partial analyses of the GEC, the paper begins with a discussion on the nature of capital and its relationship to power and space. It briefly reviews some of the critical processes in the evolution of the global financial services sector, outlining the part they played in developing the

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1 See for example Dark pool trading in Asia increases – as does regulatory interest. Asia Risk, 8 June 2012.
characteristics of ultracapital discussed above and the value of actor-network theory in illuminating the analysis. The succeeding sections deal in turn with overlapping, critical areas of support towards the development of ultracapital; the development of the ‘shadow banking’ meme, the use of IT innovation to develop radically new cyber-spaces for the development of new kinds of capital and the development of offshore financial centres from ‘mere’ money-laundering regimes into cyber-portals for the further development and legitimation of new hybrid forms of capital; and lastly the processes of imagining capital that is immeasurable, producing value that is at once overwhelming and meaningless. The concluding section draws these threads together in a speculative segment focused on future possibilities.

II. Considering Capital, Space and Power

A concept at the core of how 21st century humanity perceives itself, capital has been problematic since Marx first gave it a fluid, uncertain place at the centre of his theoretical framework as an “historically specific form of social relations” (1981, 953). Efforts to relate capital to specific quantifications of utility or labour in an attempt to value it in a measurable fashion fail because value is nothing more than “a social relation in relational time-space” (Harvey 2006, xx) – complex derivatives exemplify this quandary, valued as they are through social relations of circulation:

It is therefore impossible for capital to be produced by circulation, and it is equally impossible for it to originate apart from circulation. It must have its origin both in circulation and yet not in circulation (Marx 1887, 163).

But problems of definition, origin and consequent quantification themselves derive from essentially ideological efforts to theorize the value of capital by ‘embodying a notion of capital as a “factor of production” cast in a “production function”’ (Harper & Endres 2010, 30); they have been efforts to fix an essential understanding of capital to determinate visions of capitalism with the aim of establishing a capitalist nomos, a social construct derived from some primordial capitalism for the purposes of establishing fundamental laws.

Events since 2007 however have shown that capitalism is a fluctuating dependence on speed and mobility bounded by space and time (Hassan 2011, 388) which brings into play fluid, changeable understandings of space itself, to set alongside those of capital. Harvey (2001) famously articulated the importance of the ‘spatial fix’ by which capital continually creates, destroys and reproduces new spaces to drive accumulation (as one instance) and yet underpinned this fix with a restricted view of its core ‘geographical expansion’ based on physical forms of capital that fail to recognise cyberspace as a dominant and increasingly important area of the geography of capital. Other writers (Choonera 2009; Hassan 2011) see financial cyberspace as the newest form of the spatial fix itself, providing
limitless space and mobility for the development of what this analysis describes as ultracapital.

Cyber-space since the mid-1990s has become far more than just an agent of change, a vehicle for other economic sectors or a multi-scalar conduit for the passage of goods and services (see Harvey 2010, 190). Its dynamic agency has rapidly forced the reconstruction of old geographical space whilst creating radically new info-spaces, themselves agents involved in reconfiguring the meaning of capital (Graham 2002). Capital mobility has been speeded up and through the potential for accumulation in HFT (‘flash-trading’) and proprietary algorithmic trading programmes keyed into share movements (the temporal micro-distanciation mentioned in the introduction) a share-price movement can be converted by anonymised proprietary algorithmic trading programs moving through unregulated and secretive dark pools to make substantial profits; at the same time exclusionary, restricted cyber-spaces increase profitability through secrecy from tax jurisdictions, anonymity and asymmetric information (Iwaisako 2010, 348).

The movement of capital into dark pools (electronic trading platforms in which liquidity that is inaccessible to the public is traded anonymously) since 2007 has intensified, unaffected by the GEC. By the end of 2006 in the US, dark pools had obtained a 10% market share in equity trading (Degryse, van Achter & Wuyts 2008, 4); by May 2009 the market share of the single largest equity-trading venue, the NASDAQ exchange, had fallen to 20% whereas the market share of dark pools had risen to 24% (Brown, 2009). Irrespective of the GEC therefore, the concentration of capital in unregulated exchanges increased substantially. In the EU in 2010 for instance, whereas 49% of equities, 5% of fixed-income securities and 20% of derivatives were traded in regulated markets, the figures for OTC trades and dark pools were 41%, 89% and 80% respectively. In addition, the proliferation of automatic trading programmes means that in official and unofficial exchanges alike, an estimated 73% of the total trading volume on U.S. stock markets (Dodd 2010, 27) is now dominated by High-Frequency Trading.

These ‘cyber-spatial fixes’ would be unsustainable, however, without the supporting network of legal, juridical and political power structures that accompanied the transformation and growth of this massive flow of hybrid types of capital. When (for instance) complex, hybrid financial derivative products began to emerge in the 1970s they represented one precursor on a complex evolutionary path defined by the relationship between the political sector, the financial sector, the legal system and academia. Derivatives were nothing new – but they were greatly empowered as forms of capital both by the new spaces and forms of complexity enabled by the ICT revolution and by the increasing intimacy of their socio-political support networks. This evolutionary path and the new spaces and flows of global capital to which it gave rise have not been just the product of new financial technologies and geopolitical circumstance, therefore. New financial technologies (see Anderloni, Llewellyn & Schmidt 2009 for analyses of some new types) have certainly accelerated the development of this form of ultracapital, but it also constitutes a
coalescence of new, hybrid forms of economic, social and political capital, feeding on “turbulence engendered by connectedness”, producing and reproducing “the universal transmutability of fluctuation” (Cooper 2010, 179).

Components of ultracapital have therefore been increasingly operationalized through fluctuation and turbulence and the removal of spatio-temporal limitations permitted by ICT, through the highly complex socio-political relational spaces that have developed symbiotically within the financial services sector and through the reworking of existing geo-political divisions. Offshore financial centres (OFCs) for example that are strategically linked to formal financial centres such as London and New York have evolved from small post-colonial offshore banking centres to critical portals for the cyber-conversion of capital, another key process. OFCs have developed substantial sophistication in both function and type as the needs of global capital have expanded; different OFCs form different niche functions for the global financial sectors (Lane & Milesi-Ferretti 2010). Bermuda for instance is an important location for insurance flows of various kinds, whereas the Cayman Islands are pivotal in the structuring and organization of the hedge fund industry.

Furthermore, the functions undertaken in OFCs are increasingly dominated by intra-firm networks of multi-national financial services providers - nominally independent national jurisdictions have been absorbed into intra-firm financial services provision mechanisms. Increasingly, these networks have also been used for the production and mobility of sophisticated structured investment vehicles (SIVs) and special purpose vehicles (SPVs), financial services entities whose purpose is invisibility, mobility and the concealment of ownership, particularly during the securitization boom of 2003–2007. Such entities increased the possibilities inherent in the cyber-space available for the invention of capital, whilst at the same time these ‘unmanned’ vehicles constitute ultra-capital actants: “the SPV is robotic in the sense that no one works there and there is no physical location for the SPV” (Gorton 2009, 24).

As a consequence of their increasing specialization OFCs and their absorption into politico-financial networks, they play a vital role globally in helping to speed up the flow of capital so that mobility and connectivity themselves can be employed as new forms of capital (Cooper 2010). Through these cyber-portals capital becomes the location for investment across multiple spatial and temporal scales – self-propagating capital which can only exist through the development and systemic incorporation of new forms of cyber-space:

The real abstraction of contemporary capitalist relations is not dialectic in nature (if it ever was) but rather topological. Its world is one of absolute spacetime compression, in which metric distances are abolished in favour of sensitivities at a distance and collapsible horizons (Cooper 2010, 179).

Substantial quantities of the ‘capital’ thus used is involved in round-tripping, for instance, the manipulation of capital by large corporations to constantly alter
revenue bases and earnings benchmarks to present different fiscal and tax profiles according to need, another illusion helping to render firm accounts mere chimaeras.

Turning from cyber-space, transnational corporate actants are rapidly developing ways to capitalize aspects of their internal social space through innovative financial models used to turn intangible assets into capital assets — the economy of the United States “is now largely driven by intangible assets” (Jarboe & Furrow 2008, v). What constitutes an intangible asset is virtually limitless: “worker skills and know-how, innovative work organizations, business methods, brands”, for instance, but at the more esoteric level companies are developing new tools to capitalize “collective corporate knowledge, individual employee skills… organizational culture” and ‘uncodified human and organizational capital.’ Intangible assets are blandly described as “a claim to future benefits that does not have physical or financial (a stock or a bond) embodiment” (Lev 2001, 5), or “non-physical sources of expected benefits” (Zambon et al. 2003, 18), but what is effectively implied is an a priori title of ownership over internal ways of thinking, knowing and doing that asserts ownership over all possible future uses — a blanket claim to any commercialized processes, structures and activities derived from the capitalization (or cannibalization) of all internal corporate space, operationalized globally.

At the same time that corporations seek to capitalize all of their own internal spaces and processes, they increasingly seek to internalize bio-space for the purposes of capitalization. Currently, at the microscopic end of the scale, short-sequence (15mer-length animal patents) gene patents cover the whole of the human genome and, if all such patent claims are allowed, “one company owns the rights to 84 per cent of all human genes for a patent they received for cow breeding (Rosenfeld & Mason 2013, 1).” At the systemic end of the scale the world’s ecosystems are being converted into capital assets (Daily et al. 2000, 395) through their semantic translation into ecosystem providers; in the Corporate Ecosystem Services Review (Hanson et al. 2012), a coral reef is an erosion control/regulation service provider, an earthworm is a soil quality maintenance service provider and algae are primary production support service providers. Thus, at the same time that the juxtaposition of unlimited space for capitalization and temporal micro-distanciation “have allowed the financial order to achieve a degree of autonomy from “real production” unmatched in the annals of modern political economy (Comaroff & Comaroff 2002, 784)”, what is referred to as the information, intangibles, and innovation (I³ or I^3) economy (Jarboe & Furrow 2008) remorselessly colonizes all biological space.

The opening up of relational spaces by the ICT revolution, the complex networks that inhabit them and the increasingly different forms of capital they engender have shattered the limitations of pre-derivative, pre-cyberspace financial services technology. In terms of process, ultracapital builds on Bourdieu’s (1983) take on social capital as being an analysis of the ways in which power, privilege and capital are structured, produced and reproduced; in this case, through the ability to mediate power and privilege through exclusionary cyberspace ultracapital is becoming the
privileged meta-capital controlling economic, political, social and cultural capital; in so controlling the subordinate forms it renders them interchangeable. Nonetheless, this is a conceptual step too far in the view of writers who insist that ultimately all forms of financialization are related to fixed, tangible capital:

Suffice it to remark that the much vaunted hypermobility of finance and fictitious capital exists in a dialectical relation with, among other things, fixed capital investments of both the mobile and immobile sort. (Harvey 2001, 28)

Other writers insist that what generates such expectations are ‘social entities, processes, organizations and institutions (Nitzan & Bichler 2009, 158).’ Accordingly: “We have reached an historical point at which specific identities, or ways of being, including ways of knowing and representing, become the most valuable commodity forms” (Graham 2001, 232). Graham’s concept of hypercapitalism (1999; 2000) also side-steps the structuralisms of Marxism proper and economic functionalism to re-consider the concept of value itself and its relations to capital. Such writing addresses the ways in which capitalism is moving up to an evolutionarily higher stage and that in order to gain a deeper, broader understanding it is necessary to use the GEC to re-visit the assertion that capital “is not a thing”, to understand the nature and type of changes in capital deriving from different, specific and more intensely interconnected forms of social relations (Graham 2002, 227) and in doing so to challenge the meanings of trust and of value itself (Bryan & Rafferty 2007).

III. Ultra-capital Actor-Networks and the ‘Shadow’ meme

A widespread and rapidly-developing meme of the GEC has been the concept of ‘shadow banks’ and a ‘shadow banking’ system (see Turner 2009; Harvey 2010; Bernanke 2010 for examples); shadow banking has become a core concept in the mythic language of the GEC, proposing the dialectic of a traditional, transparent and regulated financial services sector and an unregulated, opaque counterpart invested in new and risky forms of finance. Most official/academic usage of shadow banking avoids definition and tends to repeat the term as if dealing with an accepted usage - where definition is attempted, the problem of use immediately becomes apparent. Shadow banking constitutes variously: “financial entities other than regulated depository institutions (commercial banks, thrifts, and credit unions) that serve as intermediaries to channel savings into investment (Bernanke 2010)”; “bank-like financial activities that are conducted outside the traditional commercial banking system, many of which are unregulated or lightly regulated (FCIC 2010, 4)”; “non-banking institutions that include (among others) hedge funds, money market funds, pension funds, insurance companies and to some extent the large custodians such as BoNY and State Street” (Singh & Aitken 2010, 6).
This concept of an ill-defined, unregulated and (prior to 2007) unrecognised region of the financial services sector allegedly became the principal agent of blame for global losses estimated by April 2010 at some $2.2–2.3 trillion (IMF 2010). Included in the discursive take on shadow banking are a number of implicit and explicit assumptions, the critical ones being that it was possible to make a clear distinction between traditional and shadow banking; that the traditional sector was regulated, whereas the shadow sector was unregulated; that the activities of the unregulated ‘unsafe’ shadow sector caused the crisis, not the regulated, ‘safe’ activities of the traditional sector and that the traditional sector was backstopped by regulatory authorities and the shadow sector was not backstopped.

Examining the record of financial services development since 1970 and that of events from 2007 onwards however shows that these assumptions are unjustifiable. In terms of any distinction between a safe traditional sector and an unsafe shadow sector to begin with, US Federal Deposit Insurance Corporation (FDIC) records demonstrate how the first mortgage-backed securities were a creation of agencies of the US government and that from the earliest securities innovations during the 1970s, commercial (i.e. FDIC-insured, federally-backstopped) banks:

Assumed leading roles in providing some of the newer types of financial services products, such as credit card securitizations and mortgage banking services..... banks remain integral not only in terms of funding these loans but also as active participants in the newer types of financial market activities (FDIC 2004).

The ‘shadow’ activities de facto evolved and were inseparable from the ‘traditional’ in a co-constitutive environment. By the 1990s certainly the increasingly intense interrelationships of banking activities globally meant that any distinction between them had disappeared (Iwaisako 2010, 348) and that they had become inextricably linked (Farhi & Cintra 2009). Analysis dealing with shadow banks is therefore frequently forced to confront its’ function as a simulacrum: “Their omnipresence—through arbitrage, innovation and gains from specialization—is a standard feature of all advanced financial systems (Pozsar, Adrian, Ashcraft & Boesky 2010, 7).”

The mode of development and the ubiquity of the complex of behaviours and practices designated ‘shadow’ has meant that backstopping the whole complex of financial services was essential to systemic survival during the GEC and that the resultant ‘processes and practices of crisis management’ (Jessop 2013, 72) have helped to intensify the process of systemic concentration. Since 2007 a global array of initiatives has been put in place to prevent a feared collapse of the entire financial system, with no distinction being made between shadow and traditional activities. In the US, a set of rescue programmes including the Commercial Paper Funding Facility, the Term Asset-Backed Loan Facility, the Term Securities Lending Facility, the Term Auction Facility, the Primary Dealer Credit Facility and the Temporary Liquidity Guarantee Program have provided ‘360 degree’ coverage (Pozsar, Adrian, Ashcraft & Boesky 2010, 64) to all financial services activities, and the
same ‘rescue’ process has resulted in fewer, larger banks absorbing the weakest. In Europe financial systems have been shored up against the consequences of the GEC by the European Financial Stability Facility, whereas expenditure in the UK on various measures totalled £1.2 trillion as of March 2009, some 80% of UK GDP.

A critical result of the GEC therefore has been a post hoc global regulatory recognition of the status quo ante - the complex financial services sector has been openly and officially as opposed to implicitly backstopped as a whole, on a global basis. Institutionalization and official acceptance of those processes, institutions and capital forms deemed latterly to constitute a ‘shadow’ meant that any and all regulation and insurance of the financial services sector axiomatically includes them. As a result, financial service institutions that have so far survived the GEC have become massive hybrids that undertake all of the activities from before the GEC. These are effectively ‘universal banks’ (Nersisyan & Wray 2010, 10) and in the USA by 2010 the top 4 controlled 40% of total banking assets. FDIC figures for 2010 show that these top four banks controlled 88% of US derivative holdings and 78% of bad mortgages, whilst at the same time they held 42% of uninsured bank deposits and 42% of insured bank deposits.

But the critical feature of global financial services (for the purposes of outlining ultracapital at least) is not their size, but their interconnectivity. In terms of providing a skeleton of global financial services, Vitali et al. (2011) have used available data on ownership and connections between global transnational corporations to build an “architecture of the international ownership network” (2011, 1, see Figure 1 below). Vitali et al. map the connectivity of 1318 transnational corporations comprising the core that owns 80% of all global revenues from among all of the 43,000 registered transnational corporations (TNCs); amongst this core, however, there is a ‘Super-entity’ of 147 interconnected TNCs that controls 40% of revenues of the core. The practical implications of this geo-politically are vast: “In detail, nearly 4/10 of the control over the economic value of TNCs in the world is held, via a complicated web of ownership relations, by a group of 147 TNCs in the core” (2011, 4).
The evolutionary pathology of the GEC has been pre-determined, not by a Manichaean struggle between shadow and traditional activities, but by this core of highly-connected TNCs and by the complex of fluid and often-unstable relationships between them. As a result of the enhanced accumulation to be achieved from these highly-connected new actor networks and the cyber-spaces they enabled, the dominance of industrial/production capital (Harvey, 2010:40) in the post-war period was rapidly overturned; whereas in the early 1980s the manufacturing sector’s profits accounted for 40% of total US profits (Faber 2005, 11), by 2005 44% of all corporate profits came from the financial sector (Dalio & Srivastava 2004, 1). Not only that, but as this socio-politico-financial hybrid increasingly diverted investment from the ‘real’ economy in the US, the massive increase in financial services profitability had virtually no effect on fixed capital formation:

Figure 2: Notional amount of derivatives and US gross fixed capital formation, 2000–2008. Source: Posen & Hinterschweiger 2009.
The 1980s also witnessed a rapid melding of the mechanisms supposed to impart market discipline. Changes in the business models of credit ratings agencies meant competing to sell their rating services to the investment banks, at the same time that the major accountants were also being forced to sell themselves as firms went ‘opinion shopping’ (Magill & Previdt 1991, 124) for the ‘best’ audit. Concentration within credit rating and accountancy sectors intensified interrelationships between firms, raters and accountants, at the same time that the growing profitability of management consultancy gave accountants a vested interest in providing strategic managerial advice to firms that they also audited. This concentration went accompanied by an increasing concentration in the banking sector; between 1934 and 1985 the number of commercial banks in the US had remained steady at about 14,000, whereas by 2010 this had decreased by half to about 7,000 (Nersisyan & Wray 2010, 10).

For political parties throughout liberal western democracies in the post-Soviet era particularly, ideological difference was rapidly subsumed by the pressure to demonstrate superior ability as a manager of an increasingly interconnected globalising capitalist economy. The financial services sector and party political systems throughout western liberal democracies became so intertwined that they were effectively contiguous areas of the same system in relational space:

The legal-organizational entity of the corporation and the network of institutions and organs that make up government are part and parcel of the same encompassing mode of power. We call this mode of power the state of capital, and it is the ongoing transformation of this state of capital that constitutes the accumulation of capital (Nitzan and Bichler 2009, 8).

In practical terms expressions of the dissipation and delegation of state responsibilities were multifarious. These included the drive to free movement of capital across borders, hemisphere-wide movements towards the abandonment of Depression-era regulation, substantial increases in the amount of leverage (debt per unit of concrete asset) allowed to investment banks and powers to measure their own internal risk, a rapid movement towards light or self-regulation by stock exchange supervisory bodies and the outdating of and failure to replace regulations to keep place with financial innovations. In respect of governance, the absorption of the states has therefore had the additional effect of undermining the dominant discourse of democracy as “a set of procedures, institutions, and laws designed to connect the person as individual and citizen to the political processes of nation-state governance.” The reality is rather that with the rise of ultracapital “globally defined systems of circulation and production are altering the conditions of people’s freedom in deeply structural ways that are beyond the reach of recognition or regulation” (Lipuma & Koelble 2004, 102, 104).
IV. European Actor-Networks and the Language of Crisis

In continuing the mythic language of crisis description outlined above and presenting a neoliberal portrayal of capitalism in operation, where Europe is concerned official discourse has metamorphosed from the creation of ‘shadow banking’ to presenting critical events in Europe in the form of a European ‘debt crisis’. This crisis has necessitated the implementation of ‘austerity’ programmes to rescue, particularly the southern periphery of the EC, but Europe more generally, from the profligacy of their social spending programmes. In pursuit of this discourse a range of linear, temporal timelines have been presented purporting to describe this debt crisis, many centring on the role of Greece as a trigger (those of the UK Guardian and the BBC present interesting examples). That of the European Central Bank (ECB) is more detailed and it begins in December 2005 with a set of press releases in which the ECB appeared to warn of problems ahead.

Actions taken by the European Union (EU), the ECB and various national governments and their private sector partners since 2007 have been exclusively guided by this linear, temporal focus, initiatives ostensibly to address systemic flaws but from a very limited understanding of that system. As the Institute of International and European Affairs shows, these have included Eurozone national bailouts, closer monitoring of sovereign debt maturity and national budgets, ECB interest rate and bond interventions, bank stress tests, new EU rules on financial institution practices, new financial supervision structures (the ESRB), re-vamping of the stability and growth pact, EU 2020 reforms, Euro Plus Pact of 2011, the Single Market Acts 1 and 2 and the Fiscal Compact. The culmination of this sequence of widening and deepening reactions to an intensifying succession of events within the EU has been the proposal of Open Market Transactions by Mr Draghi, the “most successful monetary policy measure undertaken in recent times”; this means that where the ECB suspects that the bonds of an EU country engaged in fiscal measures with the ECB are the subject of speculation, it will quite literally buy unlimited amounts of them, guaranteeing losses for speculators. But as Bruff & Horn (2012) point out, what is going on is undoubtedly general and systemic:

One of the most striking aspects of the post-2007 literature on varieties of capitalism has been the near-total lack of reflection on the implications of the crisis for the frameworks being employed and the assumptions they are based upon (2012, 162).

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4 <www.iea.com/evievw?gclid=CPuuzvNCYu7gCFTMctAod-EUAIA> (accessed 29/10/13).
5 Mario Draghi, quoted in the Financial Times 22/7/13. Available at <www.ft.com/cms/s/0/2597e96c-f2d9-11e2-a203-00144feabc0c.html#aaxzzzZxVhkwe7> (accessed 29/10/13).
The evolutionary processes of ultracapital have been intensifying rapidly during the early 2000s, in Europe as elsewhere. Their increased melding of the state/private hybrid, in this case through the over-arching mechanisms of the EU, the ECB, the Commission and the European parliament has been a ceaseless generator of “new spaces and space relations” which has rapidly accelerated the pace of “capitalism’s… increasingly self-produced geography” (Harvey, 2010: 144). As Jones (2009: 6) asserts in another context, this set of “conditions of economic circulation, hypermobility, timespace compression, and cultural insignia warrant a completely new conceptualization of space.”

The set of events since 2007 in Europe is not amenable to functionalist or institutionalist descriptions without an understanding the intensification of network connectivity and, beyond that, the complexity of systemic evolutionary forces at play. Some recent research has begun to map the importance of this interconnectivity in what are termed TBTF (Too-Big-To-Fail, sometimes referred to as TITF, Too-Important-To-Fail) institutions (see Ötker-Robe et al. 2011), including belated recognition by supranational financial institutions such as the Bank of International Settlements of systemically important financial institutions (SIFIs), but there is as yet little understanding of the systemic environment within which they operate, what kind of system they might represent and the socio-historical processes that led to the development of these SIFIs.

Europe has (for instance) been undergoing a rapid intensification of its financial services sector that has accompanied EU expansion and a dramatic decline in the actual number of institutions at the same time as the largest have grown in importance. Between 1997 and 2005 the total number of such institutions decreased from 4,228 to 2,683 (Uhde & Heimeshoff 2009; see also Fig. 3) at the same time that the total credit assets controlled by the 5 biggest institutions increased between 1980–1999 from 27.9% to 57.1% (Santillán Salgado 2011, cited in Roos 2013).

Figure 3: Decline in the number of European Financial Institutions 1999–2007. Source: Development of the euro area monetary financial institutions sector, ECB Press Release, 3 January 2007.
Whilst this process of intensification has been taking place, total assets controlled by the largest institutions have continued to increase, giving them more and more power, socially and politically as well as economically and financially. Figure 4 shows the dramatic increase in the assets to GDP ratio of the top three banks in 7 European countries by comparison with Japan and the US, from 1990 onwards:

**Figure 4: Aggregate assets to GDP of top three banks in selected countries (%). Source: Goldstein & Verón, © voxEU.org**

Neither has this been a purely commercial process; since 2007 the governments of the EU have been reluctant to let any financial institutions fail – the cases of the rescue of IKB by the German government and of Northern Rock by the UK government are just two examples. Such rescues have been facilitated and operationalized by because the increasing intimacy between the financial services sector and the political sector across Europe, which has given rise to what amounts to a politico-financial interchangeability, not to say interdependence. The roles played by ex-Goldman Sachs advisors Mario Draghi and Mario Monti in the Italian Central bank, the Italian presidency and the ECB, as well as the roles of Lucas Papademos and Petros Christodolou in the government of Greece (amongst a host of others) gives ample evidence of this. The complex involvement of significant sectors of the Spanish and French political establishments in the network of non-commercial banks, savings banks and mutual represent culturally differentiated examples of the same processes in action.

Prior to the crisis the implicit backstopping and political support enjoyed by national and pan-European financial institutions enabled the accruing of significant advantages within Europe on a core-periphery basis (banks in the UK, France, [6](http://www.voxeu.org/article/eu-should-start-debate-too-big-fail) (accessed 29/10/13).
Germany and the Netherlands enjoying significant advantages to those in Portugal and Greece as a result of the relative power and wealth of respective governments. Figure 5 shows the significant increase in increasing their assets as a percentage of country-of-origin GDP:

**Fig. 5: Bank assets as % of domestic GDP. Source: Bankscope and WEO Databases cited by Ötker-Robe.**

Despite these footprints of the evolutionary development of the European component of ultracapital as a complex, dynamic system and the belated recognition that there are at the least financial nodes, actants within this complex that can bring down regional or hemispheric economies, the growth in strength of these financial networks continues apace, facilitated by the politico-financial networks co-constituted with them. As a compliment and contingent to Figure 1 above (produced separately and using different measures to instrumentalize the view) Ötker-Robe *et al.* (2011) have mapped the connectivity of financial services globally, deploying the complex derivative commitments between financial services actants to produce a topology of connectivity:

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Although conceived as a way of mapping the contagion effects on the part of any of the actants in this network (and in passing pointing out that no member of the central tier can be allowed to fail without catastrophic effects hemispherically and indeed globally), both topologies have important things to say about the role of transnational actants which has only recently become a focus of writing on the GEC. Roos (2013) for example points to an absence in political economy literature on the role and place of transnational actors, and in the geographical and political science literature on democratic structures and power. Such critiques have raised the question of why capitalism itself is not in the picture: “Our view is that capitalism itself is not discussed, to the extent that it is the elephant in the room housing these debates” (Bruff 2011).

Finally, in considering the topology of connectivity above it is useful to revisit the characteristics of Actor-Network Theory that Latour describes, to underpin their relevance to re-visiting capital as a form of social relations. Firstly, in terms of “the tyranny of distance” (2005, 3), financial actor-networks can as we see be truly global in scale, whilst at the same time linking the “irreducible, incommensurable, unconnected localities” of institutions, groups, individuals; they can also be networks of long standing or instantaneous networks constructed for the sake of one deal, conducted entirely in cyber-space between servers. Secondly, in terms of scale and dissolving micro-, macro-distinctions, a single network act between two individuals can be of a scale to affect millions of people (assembling and approving a derivative model, for instance), entire cities or entire regions, whereas the quotidian transactions of millions of people (ATM transactions, say) may affect little outside their immediate environment; in this respect, studying the network connections in which acts take place is far more important: “A network is never bigger than another one, it is simply longer or more intensely connected” (2005, 4). Lastly, in terms of inside/outside, what is important in examining ultracapital actor networks
is how they are connected; boundaries, particularly national and political ones, are still relevant but they are absorbed into the geography of financial services actor-networks to become part of the functionality of the whole (capital mobility that deploys different tax regimes within Europe and in the Caribbean as mechanisms for increasing profits, for example), this is therefore very much a geography of connectivity, of associations.

V. AFTERWORD

The set of events presented by the US Federal Reserve and the serried ranks of political and economic commentators globally as US financial crisis changed its' name to the global economic crisis on August 6, 2007 (Iwaisako 2010, 353), when PNB Paribas had to suspend three of its hedge funds because “it had become impossible to calculate the net asset value of the funds (Greenlaw, Hatzius, Kashyap & Shin 2008).” These initially localized consequences of a set of critical processes that had never been restricted to the US passed over to Europe through networks and as a consequence of the concealed functions of actors and actants that have been left out of the phenomenological characterization of crisis that is presented daily by governments, institutions and media. None of the timelines devised to represent a ‘Euro-crisis’, a sovereign debt crisis or a global financial crisis and thus, post hoc, determine causation in fact do any such thing.

As a counterpart to the official discourse of disaster, of December 2012 the total notional value of all outstanding over-the-counter derivative contracts globally was more than $632 trillion, up from about $596 trillion in December 2007. This represents, not just a vast increase in capital flows of obscure provenance and ownership which are effectively invisible to regulatory structures and mechanisms, ‘monetized relations of the relations of capital’ (LiPuma and Lee, 2004: 86), but their concentration in the hands of fewer and fewer super-entities. Fundamental change in financial services structures has been occasioned by the opening up of ultracapital space by ‘socially imaginary objects’ (LiPuma & Lee 2005, 407) which are beyond purely technical control and which are enabled by hybrid politico-financial networks that are still firmly in place. The invention and development, not just of new forms of capital but of ways in which they could or should be measured (as well as where and when) had by the eve of the GEC, for official purposes “arguably undermined the essential character of regulatory capital” (FSA 2007, 9).

ICT-intensified politico-financial flows and processes have led to the creation of an increasing range of distinctively new forms of capital which, despite a symbolic dollar value reflecting the power of their creator, cannot be quantified or measured in a meaningful fashion and which remain themselves unknown and incomprehensible to all but a small group of elite actors. A range of critical academic analyses prior to the GEC had already begun to outline the implications of some of these capital forms for the representation of money, for the fundamental idea of
value (see Bryan & Rafferty 2007; LiPuma & Lee 2004) but also for the irrelevance of material measurements of capital – the analysis presented above focuses on these processes as the truly critical events. The ICT revolution in combination with an increasingly undifferentiated state-capital nexus have added “neoliberalism's apparently limitless virtual space, and (…) a rate of computer driven acceleration that is constrained only by the level of technological innovation at any given time” (Hassan 2011, 394) to the previously nebulous development of capital; it is a hidden revolution constituting an increasingly vital component of a series of invisible, silent crises.

Not despite, but because of the set of events described as economic crises which they themselves have precipitated, the intimate interrelationships between regulatory bodies, financial services actants, the state, academia and the complex, global cyber-service mechanisms of the OFCs - the essential components of ultracapital - remain not just intact but strengthened by the events since 2007. Loud public pronunciations of the need to ‘properly regulate the banks’ aside in Europe, the UK and the USA, the innovatory cyber-mechanisms that propelled the current ‘Euro-crisis’ remain essentially untouched and the drive to create new capital, increasingly detached from GDP/productivity processes, immeasurable, unregulated but ultimately legal, continues apace. The net result is that: “We cannot identify the likely sources of future stress to the system, and act pre-emptively to diffuse them” (Geithner 2007).

The extended set of critical events in Europe and globally over the previous four decades is constituted by the relationship between new forms of capital, its pre-ICT forms and the actor-networks that enabled them and which have been increasingly empowered by them. Distinctive but interrelated and inseparable phenomena can be outlined; the detachment of new forms of capital from observable GDP processes; the development of limitless cyber-spaces to assist in the creation and instantaneous trading of self-producing capital juxtaposed to the technical ability to utilize increasingly smaller fractions of time; the socio-political and jurisdictional mechanisms created by the cyber-portals of OFCs, and the development of immeasurable and unidentifiable capital. These new forms range from suggesting that environmental sustainability can only be achieved through ‘running ‘Earth Incorporated’ with a depreciation, amortization and maintenance account’ (Strong 1996), to ‘capital investment in bioinformatics at the scale of molecular biology’ (Sullivan 2013, 211) - capitalization processes are claiming ownership over future ways of knowing and changing humanity, the effective privatization of evolution.

A suggested outline of ultracapital forms has been touched on in this paper; ICT-dependent capital evolved through the use of academic and socio-political networks such as political parties, research institutions and university departments. There is also capital constructed to conceal value, ownership and location, through velocity of circulation and complex intermediation - not just derivatives, but the offshore Special Purpose Vehicles through which they move and the concealed political, accountancy and inter-firm alliances that enable them. The discussion
Dictatorship of Failure

touches on capital developed through political, regulatory and accountancy capture designed to be concealed from objective valuation, regulation and taxation; ultracapital effectively utilizes the new kinds of social capital enabled by the erosion of difference at the state/private regulatory interface into a contiguous politico-financial relational space. It is capital that is a synthesis of social capital, technology and socio-politics on a global scale, whose financial and economic capital artefacts are crafted by intricate, complex and co-constitutive relationships between regulatory, political and cyber-actants.

The landscape thus created by ultracapital for ‘its own functioning’ (Harvey 2001) is self-propagating and appears from the evidence of the global economic crisis to have all but freed itself from the gravity of the ‘real’ political economy. The over-accumulation thus achieved is not related to surpluses of labour and the capital which stimulates it can be created, moved or abandoned at will without the constraint of regulation or legal jurisdiction. It retains aspects of Harvey’s Hegelian expansion in terms of both an inner dialectic of crisis formation leading to over-accumulation in space related to an outer dialectic of geographical spatial release of these surpluses; through the ability to create both new spaces and subsequently new capital out of the cyber-ether, however, it transcends these dialectics. To follow Baudrillard (2006), in drawing strength from the global economic crisis ultracapital is close to bearing ‘no relation to any reality whatever: it is its own pure simulacrum.’ In this respect labels such as global economic/financial/liquidity crisis are misnomers – the years since 2007 may well have been the birth cry of a dramatically new form of capitalism.

References


Dictatorship of Failure


