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DOCTOR OF PHILOSOPHY

**Authorities and naturalness beyond neo-pragmatism and deconstructionism.
Optimization of economic distribution and well-being as a means of going beyond
dialectical failures**

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Award date:
2017

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**Authorities and naturalness beyond neo-pragmatism and
deconstructionism.**

**Optimization of economic distribution and well-being as a means of
going beyond dialectical failures**

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Philosophy Research Degree (Ph.D.)

University of Dundee

Contents

Introduction	7
I - Richard Rorty's haunting authority	21
1 – A neo-pragmatist's essential concern	21
2 - The ironist's haunt	27
3 – Foucault's confinement	34
4 - Rorty and the legitimacy of the authority	41
5 – Progress and dissemination: random authorities	49
6 – Rorty's Derrida and the method of deconstruction	55
7 – Madness and the problem of pragmatist's undecidability	60
II - The call of the Other as a dialectical alternative	69
1 – Naturalness of pragmatic legitimacy	69
2 – Arbitrariness of the Other as of the «totality»	75
3 – Althusser and Marx's rupture: Marxism as an attempt to break humanistic economic circularity	83
4 - Economic value of a product: inter-referentiality among arbitrary conceptions	92
5 – Economy of the Other as a function of previous distribution of interests and potentialities. The case of Venezuela	99
III - Pragmatism as an analysis of the instrumental imbalances in intersubjective agreements. The importance of the concept of exchange economy	119
1 - The dialectical structure of the acceptance of an authority	119
2 - From a dialectical logic toward a logic of instrumental maximization: the consequence for the concept of exchange economy	125
3 - The focus on the concept of exchange economy: a necessary	

step for the pragmatic route of the analysis	128
4 - The connection of the task of instrumental maximization of reciprocal bargaining power to the problem of the trade-off between equality and liberty	136
5 - Remarking the practical difference between an “instrumental authority” and the authority proposed by Rorty. An illustrative example	142
IV - Power discrepancy between different roles in economic production	155
1 - The necessity of credit between physiological temporal discrepancies and instrumental bargaining power imbalances. How the conditions of the existence of a credit system can shed light on these latter	156
2 - A first hypothesis to solve instrumental discrepancy: optimization of productive instruments which maintains difference of roles	161
3 - A credit system run by private lenders which only compensates for temporal discrepancies should price its product exclusively according to supply-demand laws	166
4 - Main issues to be solved to defuse uncertainty. Recall of the very pragmatist meaning of such issues	171
5 - The inquiry on the possibility of an equivalent reciprocal power of means of production and labour: cultural and theoretical reasons	173
6 – The dialectical fallacy of the practices of trades unions. The arbitrary rationality of this solution	176
7 - The dissemination of reciprocal distrust after singular episodes of power discrepancy as expression of conventional rationality	183

8 – A concrete outline of the risk	188
9 – A system of cooperatives as best solution	191
V - Mitigating imbalances at a macroeconomic level: a reformation of the concept of credit	195
1 - Hegel and full reciprocal recognition interpreted as a pragmatic necessity	196
2 - Dialectical aporias and maximization of reciprocal utility	200
3 - A normative statement on the function of credit	202
4 - The language games driving the logic of the current financial system	204
5 - An ethically sustainable form of credit	210
Conclusions	220
References	229

The completion of this study could not have been possible without the excellent expert advice of Prof. James Williams, my first thesis adviser. I would also like to thank Dr Dominic Smith and Prof. Matthias Klaes whose expertise in specific fields has been very useful.

The candidate declares that he is the only author of the thesis.

Unless otherwise stated, all references cited have been consulted by the candidate. The work of which the thesis is a record has been done by the candidate and that it has not been previously accepted for a higher degree.

Summary

In the first part of my dissertation I demonstrate that Rorty's neo-pragmatism and Derrida's openness to the Other give rise, in their practical applications, to the same arbitrariness as the one usually attributed to a society shaped by Hegelian dialectic. A problem arises, in a deconstructive attitude in decision-making, when we notice that any need, desire and interest of the other is an expression of a preceding arbitrary allocation of wealth, occupations and economic potentialities. This makes such seemingly "spontaneous" desires a reflection of constrained everyday life economic interests, which are incapable of developing an economic system which really reflects equity and the most open and beneficial manifestation of skills and potentialities. A similar issue concerns Rorty's invoking the neo-pragmatist figure of the "liberal-ironist", which, for the same reasons, is always in danger of coinciding with an authority perceiving arbitrary desires and implementing a pragmatically preferable action according to them. In the second part of my dissertation, I lead the concepts of arbitrariness and authority back to the development of the self-consciousness of the traditional Hegelian dialectic. I then propose an "instrumental" revision of this latter and an application of the obtained concepts to a socio-economic analysis, in order to really fulfil the necessity expressed by neo-pragmatism and deconstructionism. According to the Hegelian dialectic a consciousness develops its ethical capacities by becoming aware of the necessity of an agreement with the other self-consciousnesses in order to construct what is reciprocally maximally satisfying and "natural" within the constraints of intersubjective life. Such a recognition has to be understood as the acknowledgement and acceptance of the other's desires, due to the fact that they are seen as having an active role in the recognition and fulfilment of one's own desires. The final goal of this dynamics would be the creation of institutions based on solid reciprocity whose effect is the progress of universal benefit. The accent on reciprocity, nevertheless, also means that a human being acknowledges another individual's desires only to the extent that she perceives a certain agreement with this latter as being convenient. In order to go beyond this aporia I investigate the utilization and disposition of economic instruments which would favour the highest possible expression of reciprocal satisfaction in crucial social environments instead, such as the organization of roles in capitalist production. I then re-interpret the ethical telos of Hegel to formulate a definition of "credit" which coincides with a language game focused on a maximization and equalization of reciprocity and mutual expectations. I relegate the forms of credit granting which respond to others logics under the category of "arbitrary". I choose the concept of credit because it is the economic tool which, more than any other, can be directed to discovering and enhancing each individual's potentiality and mutual material improvement.

Introduction

Horkheimer and Adorno are famed for denouncing in *Dialectic of Enlightenment* the failure of the cultural attitude which was supposed to free human beings from the authority of myth and superstition. The rationality of Enlightenment, in fact, has revealed itself to be founded on a similarly biased and partial set of values in order to assess the “truth” of a proposition or the worthiness of a form of life. Modern and contemporary rationality ends up being “speculative” and even “totalitarian” despite its assuming «the form of the sober matter-of-factness by which it purported to distinguish itself from Hegel and from metaphysics in general».¹ In the first chapter of their book, the authors elucidate in fact the *authoritarian* character typical of such a form of reason.

To the extent that an advance of knowledge produces results which are in function of a specific, restricted form of rationality – such as mathematics in the case of that which Horkheimer and Adorno refer to as “Enlightenment” – it is doomed to exercise an authoritarian stance over the human conception of truth and “nature”. Modern reason, as opposed to myth, is supposed to uncover the effective structure of nature and human *naturalness*, in order to become aware of what rules of action are really preferable to feed the human practical spirit. But if such a survey is carried out in function of an abstract, *arbitrary* rationality any social and political decision following it will be as irrational as a superstition. As the issue here is the discovery of “rules of action”, *arbitrary* means a rationality which does not take into account all practical risks and potentialities of a human context, in this case those which cannot be referred to by means of univocal logics such as mathematics.

This is the same fallacious attitude which, according to the authors, can in retrospect be established by considering the entire itinerary of the Hegelian dialectic:

The route of dialectic is supposed to find its reason in the contradictions which emerge within each determined form of rationality. Such a contradiction should be the manifestation of legitimate claims of forms of life which had not recognized their “truth” and spontaneity in the set rationality. Thus, the synthesis of the preceding state and this contradiction constitutes a new, advanced stage in which reciprocal recognition – and, therefore, self-realization – of consciousnesses has improved, with the final stage representing a supposed optimized relationality in which mutual recognition and realization reach their apex.

¹ Horkheimer and Adorno 2002 [1944], P. 18

The mythological character which equates Hegelism to “Enlightenment” stands in the fact that it is always an arbitrary rationality – in the sense specified earlier – which determines each form of life in its claims and “spontaneity”. If a pre-determined set of values or a pre-determined logic contribute to build a consciousness’ awareness of its desires and aspirations, the dialectical process ends up running in a pre-established direction and the “absolute” coincides with a biased outcome. The constitution of a similar outcome, in the form of the State, of the social institutions or of the laws of market, reveals itself very soon in its being in contrast with the real specific necessities which the singular individuals then experience.

According to Hegel, although a set institution may not appear perfect from the point of view of the singularities, its structure expresses the synthesis between the contradictions experienced by a determined culture so far. It is perhaps the highest form of “compromise” or reciprocal overcoming of such contradictions. But, for the exponent of the school of Frankfurt, the stress on the privilege of the “affirmative” over the negative is just a mythical, metaphysical instrument of the dominant theoretical-political authority, similarly to the greater relevance given to the “matter-of-factness” and to “technical calculation” by Enlightenment.

My dissertation reads any manifestation of similar “theoretical” authorities in their radical *pragmatic* sense, in the specific practical and political sense to which the acceptance or the application of a certain logic corresponds – whether it is the existentially upsetting “mere technical calculation” typical of post-Enlightenment sciences² or the supposed universalism of dialectical values.

² Modern intellectualism as an existential problem is masterfully described by Weber in his conference in 1917: «[...] this process of disenchantment, which has continued to exist in Occidental culture for millennia, and, in general, this 'progress,' to which science belongs as a link and motive force, do they have any meanings that go beyond the purely practical and technical? You will find this question raised in the most principled form in the works of Leo Tolstoi. He came to raise the question in a peculiar way. All his broodings increasingly revolved around the problem of whether or not death is a meaningful phenomenon. And his answer was: for civilized man death has no meaning. It has none because the individual life of civilized man, placed into an infinite 'progress,' according to its own imminent meaning should never come to an end; for there is always a further step ahead of one who stands in the march of progress. And no man who comes to die stands upon the peak which lies in infinity. Abraham, or some peasant of the past, died 'old and satiated with life' because he stood in the organic cycle of life; because his life, in terms of its meaning and on the eve of his days, had given to him what life had to offer; because for him there remained no puzzles he might wish to solve; and therefore he could have had 'enough' of life. Whereas civilized man, placed in the midst of the continuous enrichment of culture by ideas, knowledge, and problems, may become 'tired of life' but not 'satiated with life.' He catches only the most minute part of what the life of the spirit brings forth ever anew, and what he seizes is always something provisional and not definitive, and therefore death for him is a meaningless occurrence. And because death is meaningless, civilized life as such is meaningless; by its very 'progressiveness' it gives death the imprint of meaninglessness» (Weber 1946 [1919], P. 7).

Consequently, authority is here understood as any structure of forces whose power is actively recognized or accepted as legitimate. This legitimacy is due to the fact that accepting such a power is seen as coincident with the preferable way to fulfil contingently *perceived* needs and desires or, in other words, to fulfil a perceived naturalness.³ In the social and political environment, by which “theoretical” constructions such as Hegelian dialectic are particularly underpinned, this preferable attempt of fulfilment is mostly accompanied by a compromise between the naturalness of different individuals - also in the sense of accepting the lesser evil by subordinating oneself to a violent individual and authority.

The most obvious example of authority is political legitimacy obtained thanks to empathy toward certain necessities and desires contingently perceived by a community. Another example is the power given by the possession of economic instruments which can offer a larger spectrum of modalities and situations for obtaining wealth with respect to other instruments. This is the field of the power to increase the price of a possessed building during a property bubble, for instance, or the power to obtain a surplus-value from her workers’ labour by an entrepreneur. The agreements reached between the different parts represented by cases like these can be formally interpreted as the mutual fulfilment of each other’s contextual needs and desires, overlooking the fact that these latter are already the product of an arbitrary social logic (mostly coincident with a discrepant distribution of resources and power). As will be recalled in the second chapter, Althusser indicates that the criticism of the acceptance of a similar arbitrary logic by the “anthropology” of classical economists was already the conceptual innovation of Marx’s philosophical proposal.

The first thesis of my dissertation is that the theoretical and ethical outcome of exponents of the “post-modern” attitude such as Rorty and Derrida – who recognize the contingency of human singularities and reject any dialectical or representationalist theory of reality, refusing to support the *authority* of any alleged fundamental or “natural” structure of the world – betrays the intention of its proponents. The very sense of the neo-pragmatist and deconstructionist enterprises reveals itself as built on the legitimization

³ Notice that throughout this dissertation the word “naturalness”, since it identifies perceived needs and desires, does not have the same meaning as “nature”. While this latter can be understood as supposing a certain essence which is at the basis of the characters of a sentient being, “naturalness” is consistent with a pragmatist view whereby there is no difference between what a being is – or perceives itself to be - as a consequence of the actions and transformations brought by its context and what a being is *per se*.

of some arbitrary authorities' logic, exactly in the same way as illustrated above with regard to Hegelian dialectic and the spirit of Enlightenment. This makes neo-pragmatism and deconstruction paradoxically emulate the dialectical spirit.

In particular, in the neo-pragmatist approach of Richard Rorty the dialectical character is found in his assuming an authority – the pragmatic *liberal-ironist* – which would simply have the ability to choose what contingent desires, needs and necessities within a community are “natural” enough to be legitimised within a context without subjugating the “spectres” of other upcoming and potential singularities. The scope of this commitment is to do justice to the natural needs and desires of any part of the “totality” – which is also the central feature of a dialectical attitude. But this corresponds again to a process of legitimation of arbitrary needs and desires which may be only “synthesized” as a reaction to certain other arbitrary-contingent forms of reason. Since any pragmatist authority inevitably needs to elaborate a pragmatic justification through certain natural-contingent-arbitrary necessities and desires a simple Rortyan attitude reveals itself to be unsuitable, failing to fulfil its goals.

The same conceptual entanglement of naturalness, arbitrariness and contingency underlies Jacques Derrida's focus on «doing justice to the Other». Derrida's quasi-transcendental motivation for his commitment is that any contingent rule shaped by the singular event of the Other's coming would be an unconditioned act of justice; unconditioned because it would not have as condition of its performance the guidelines of a commonly accepted arbitrary model of rationality. Its only basis would be the sense of responsibility towards the demand of a singularity. This act, in other words, would not need to be justified by external ethics. Of course, according to the French philosopher, we need to be conscious of contextual social values in order to do justice to the Other. But they would come after a calculation which takes into account the fact that the question whether to immediately apply them or not is undecidable, as he says in the essay *Force of Law*. It is undecidable because these values are born from and pass through the dissemination which makes them random in comparison with our potentially best choice. Only by going through this undecidable moment and by finally breaking it, Derrida claims, can we tend to a non-conditioned justice to the other's contingent “naturalness”.

What the deconstructionist overlooks, nevertheless, is that the stress on the singular context of the “other” needs to rely on – similarly to the case of liberal-ironist – the naturalness of a certain singular authority which is, at the same time, arbitrary and con-

tingent. That is to say, it is produced only as a reaction to certain arbitrary and contingent forms of dominance. This inter-referentiality and arbitrariness of the singular others appears as a circle which is in no way ontologically different from a dialectical determination of forms of reason and, consequently, is in no way less in danger of preventing subjugations of spectres of other arbitrary potential needs and desires.

This criticism of Derrida's operational outcome may resemble Jürgen Habermas' ardent reaction «against the collapse of all genres of discourse and the obliteration of distinguishable culture-spheres»⁴, to which the deconstructionist tendency to label any identity of a form or character of rationality as “undecidable” is often assimilated. It is fair to say that the position expressed in this dissertation may intersect a specific – maybe an *ad hoc* – interpretation of Habermas' claims of Derrida's quasi-transcendentalism. But it remains quite different in its reading of the role and status of rigorous “reason” and “rationality” – in comparison with mere rhetoric – in the “ethical” side of the acknowledgment of dissemination.

Habermas recognises the paradox whereby Derrida, in order to dismiss all transcendental philosophies, cannot do so without having recourse to a kind of fundament, even if this latter is defined as quasi-transcendental *différance*.⁵ In order to demonstrate that Reason is intrinsically authoritative, the French philosopher presents a *reasoning* aimed at outlining a certain specific structure of reality. The same method which, according to Derrida, a form of reason questionably utilises – that is to say to construct a framework thanks to a recognition of values and linguistic authorities which are contingent and arbitrary – is embraced by him in order to recognise the “disseminated” coming of the authority of the Other, which determines the features of quasi-transcendental deconstructionism. Another way to report this interpretation of Habermas' point is to say that the very process of deconstruction, which should unveil the necessity of relying on the event of the Other, can be understood and performed as long as the authority of the Other is recognized. That is to say that the idea of an absolute contingency of any rational value can only be conceived after we concretely experience the existence of other potentially legitimate changing authorities within the area where we used to consider only some authorities. This means that our acknowledging the process of deconstruction is, in the end, our being “conquered” by the performance of these new authorities in their

⁴ Schrag 1992, P. 145.

⁵ Habermas 1987 [1985], Pp. 164-184.

being in contrast with the performance of other authorities. We have, therefore, the paradox whereby our awareness of the necessity of deconstruction is nothing more than our being loyal to authorities which are equivalently alienated, arbitrary in comparison with hypothetical guidelines for our potential best actions.

If to indicate a “transcendentalist paradox” can be considered, perhaps forcedly, as a junction point between Habermas and the criticism of deconstruction in this thesis, things are quite different when focusing on the interpretation of the textual and “stylistic” consequences of Derrida’s move. According to the German sociologist, the assimilation – which *différance* performs - of philosophical concepts to literary ones operates a hierarchical overturning between logics and rhetoric.⁶ Derrida’s philosophy would be, in the end, a way of giving up logical “rational” rigor in favour of a bombast, a rhetoric justified by the recall to the inevitable contamination and contingency of all forms of reasons. This would be, for Habermas, a result solely based on aesthetic experiences.⁷

What is argued in the pages of this work is perhaps the exact opposite. The contradiction of the performative, ethical outcome of deconstruction, in fact, is that it cannot - and should not, in a certain sense - escape the tension toward a “systematic” and all-embracing survey to discover what is “really rational” according to the totality of individualities – or “authorities” – which exist. In the relentless recognition of the desires and needs of any “coming” other, in spite of the preceding, conventional and “illusory” forms of all-inclusive rationality, the act of doing justice to the Other is an example of *dialectical* improvement. It consists in the acknowledgement of the “total” authentic reason which, in a Hegelian sense, comes after the “negative” represented by the consciousness of the aporetic outcomes of all traditional rational concepts.

From this first picture of my arguments one problematic term stands out. It is *ethics*, which in this dissertation can be read, in a very broad sense, as referring to anything which concerns human behaviour and practical rationality. Since “philosophy” can be defined as an attempt to rationalize the reality in order to make it maximally adequate to our naturalness and living, a philosophical study is always concerned with “ethics” in so far as it is concerned with the most suitable way to shape our behaviour and rationality – which, under a pragmatist point of view, is always seen as “practical” rationality. But, if philosophy is such a wide practice which ends up coinciding with the “sense” of life itself as the research of happiness, therefore our *interest* in ethics inevitably corresponds

⁶ Vergani 2000, P. 187.

⁷ See Habermas 1994.

to the research of the most suitable ethics which can be used in order to fulfil our desires, maximize our self-satisfaction and, in this way, “rationalize” our living. Hence, it can be stated that the stricter meaning of ethics as “the study of what should be done” is nothing but the existential specification of the broad, general and theoretical meaning of the term. Moreover, this study utilizes a meaning of “fulfilling our desires and maximizing our satisfaction” which makes that «our» pertain to the totality of human beings (and, potentially, to the totality of sentient beings). This is the typical universalistic ethical end which, as will be better specified later, is proper of the Hegelian dialectic as well as of Rorty’s pragmatism and Derrida’s willingness to doing justice to all singular “Others”. To maximize all consciousnesses’ ethical completeness (namely, everybody’s happiness) is therefore seen by the main philosophers involved in this study as the highest philosophical-ethical realization and it will be seen in this way in the context of this text.

The wide definition of philosophy given above, moreover, can be applied to other disciplines and in the case of this dissertation it will be applied to economics, because this latter is recognized as a crucial pragmatic field related to human happiness. If philosophy is an attempt to rationalize the reality in order to make it maximally adequate to our naturalness and living, we need to admit that within a social environment this can only be achieved by dealing with agreements and reciprocity among individuals – or, in a Hegelian terminology, among consciousnesses. From this point of view, economics – both in theory and in practice - is philosophy considered in its concreteness, since it is an attempt to find a rationality in the rules moving the incentives and the expectations which everybody has in realising the others’ desires in order to bargain a certain reciprocity. Also, in the maximization of everybody’s incentives, expectations and all the other tools necessary to realise the others’ desires in order to obtain the highest possible bargaining power there is, consequently, the fullest realization of our interest in ethics and “justice”, if this latter is conceived as a term describing such a realization.

The second part of the dissertation is fundamentally an attempt to show how, in order to assess what is “more suitable” to do in a socially pragmatic sense, the use of another logic which is different to the methodological reliance on a certain kind of arbitrary authority is possible. The theoretical development of such a different logic can be explained by recalling the pro and cons of the methodology of the quoted authors. The most pragmatically fruitful aspects of their thought and of their “traditions” can be

combined and enhanced in order to obtain a “method” which promotes both the respect of contingency (typical of Rorty and Derrida) and the systematic purpose (typical of Hegel) to establish, in each historical and political environment, the forms of relationships which coincide with the maximum of reciprocal recognition – and, therefore, satisfaction.

With regard to the first of these two theoretical fronts, in fact, we have neo-pragmatist positions like Rorty’s which, on the one hand, utilise a sound conception of the contingency of human desires and nature and a sensible recall to the practical sense of any human value in its essential goal to approach happiness in general. On the other hand, nevertheless, they lack the coherent and “systematic” attitude of focusing - in each determinate cultural, economic social situation – on the calculus of the instrumental distribution which would effectively maximize human happiness. In other words, neo-pragmatism lacks the courage of venturing into an effective scrutiny of what material and intellectual tools would be able, in a certain case, to really optimize mutual utility and benefits among human beings. This does not represent simply an insufficiency of the “application” of pragmatist ideas, it corresponds to a proper theoretical flaw.

Such a flaw becomes clear the moment Rorty seeks to identify the “pragmatically adequate” values proper of a context with what is perceived as the most agreeable by the different individuals. There is little preoccupation, in this method, over the possibility that a similar perception may in turn be the product of a very biased allocation of social and economic instruments and that it may, therefore, re-trace the features of a preceding arbitrary form of rationality, in a typical metaphysical move. Neo-pragmatism is likely to limit its evaluation to what stands out in a certain moment as the conversationally agreed solution to a problem, without investigating whether there may be an even “better” allocation of instruments and potentialities.

We have seen how a similar flaw is also located in Derrida, and throughout the dissertation it will be clear how neo-pragmatism and deconstructionism are analysed in depth because they can represent, in a certain sense, the “latest stages” of contemporary philosophical routes which have tried to react either to a metaphysical kind of truth or to the abstract notion of rationality proper of Enlightenment. The instrumentalist, “post-idealistic” attitude and the post-structuralist one can be read as having in common a theoretical end. That is to say to make clear that “truth” makes sense only if it is consid-

ered as what is each time agreeable according to the specific logic or “nature” of the specific forms of life which are involved.

For instance, we can find in Dewey a methodology which favours a scientific and naturalistic approach because, according to his instrumentalist criteria, the main task of knowledge is to survey the degree of “agreement” which is present or can be created within a human environment. This particular technique of scientific inquiry can be defined as consisting in procedures which make it possible to perceive the eventual agreement or disagreement of the two sets of consequences.⁸ Consequently, Dewey’s procedure can be seen as privileging the discovery of contextual regularities and, therefore, beneficial harmonies useful to agree on how to chase some general ends. All this is in contrast with the idealization of abstract or general values which are supposed to address our behaviour.

In a similar way to Peirce, James, Quine and, then, Brandom, the main role of thought according to Dewey is an assessment of the potentiality of certain “structures of forces” to be shared. This evaluation substitutes any account of human nature and any representationalist view of the world for the propensity to look for the greater benefit given by the very agreement of “consequences”. Rorty can be read as the most mature expression of this position because he acknowledges Dewey’s intellectual aim but brings it to its extreme, refusing its dangerous enhancing of a typology of language which would be likely to bring a vision of the humankind backed by a certain essence. That is to say the very “naturalistic” and “scientific” lexicon which, according to Rorty, maintains the danger of referring to some more “authentic” nature. Rorty’s thought holds and brings to its highest consistent development the pragmatist philosophical attitude by rejecting any privileged form of language for “understanding” reality – even the scientific one – in favour of a pure focus on the practical contingent agreement which a linguistic game produces. In the light of this, I will try to show that a more courageous, explicit and systematic calculus of the contextual instruments which would be able to produce a maximization of reciprocal benefits within human socio-economic environment can be interpreted as the act of reforming and overcoming Rorty’s aporetic neo-pragmatism and, as a consequence, the pragmatist “school” in general.

A similar thing can be claimed about the relevance which the act of going beyond deconstruction has for those whom Derrida defined as his “masters” – such as Foucault – or for authors who share with the French philosopher the certainty that the genetic prin-

⁸ See Dewey 1929, Pp. 323-324.

principle must itself be a differential principle – such as Nietzsche, Heidegger, Lacan, Deleuze and Levinas. A philosophy of *difference*, as explained earlier, is analysed in its being in debt with the arbitrariness of certain – equally “metaphysical” – authorities, in its being the awareness of fragments of arbitrary rationalities. In the wake of this, any attempt to give privilege to a specific language (such as an “aesthetic” one), to a specific form of humankind (the “aristocratic” one) or to a vitalist creation of singularities as reaction to more repressive, rigid or derivative forms of Reason is considered as relying on equivalent “fragments of arbitrary rationalities” which are thought to be more original. These reactions fall back on the same danger of producing violence. Derrida is taken as the most explicit proponent of a philosophical tendency to concentrate theoretical and speculative efforts on giving relevance to the “variance” in contrast with the “false uniformity” of the general, to the spontaneous differentiation as opposed to the abstract regularities. But once any cultural singularity is seen as equally alienated, equally derived and shaped by another arbitrary set of singularities, it becomes clear that the point is not in the opposition between a “false” uniformity, repressive general moral values and “genuine” vitalist singularities. The stress on contingency, which is the positive side of these “schools” of philosophy, can coincide with a value added only if inscribed within a concrete calculus of the instruments needed in each case to bring mutual individual satisfaction to its highest level.

By means of a methodology which is only apparently very different from the pragmatists’ one, philosophers of difference have as a goal, just like the former group, to give value to what is each time agreeable according to the specific logic or “nature” of the specific forms of life which are involved. Both attempts reveal themselves to be aporetic because they lack the boldness to face an explicit enquiry into the socio-economic instruments which would be needed within each specific context in order to maximize each individual’s quality of life. Even if this is a very hard and uncertain task, to put one’s focus on this issue would mean to act as a real pragmatic thinker, it would mean to collect one’s effort on an authentic reflection about what effectively produces more reciprocal satisfaction. Instead, transforming this task into a speculation about supposed more natural, more spontaneous languages or supposed less biased authorities means to rely again on generalizations which cannot be “verified”. Such an attitude, in other words, shifts the focus from certain arbitrary authorities to other *equivalently* arbitrary authorities, *without even approaching* a pragmatic application to the problem.

The second theoretical front which my proposal utilises and overcomes corresponds to the “teleological” side of the method of this dissertation. A commitment to a structural analysis of how to maximize reciprocal satisfaction can be found, in fact, in a particular interpretation of the Hegelian dialectic. Combined with the pragmatist and deconstructionist spirit which relentlessly recalls the contingent and non-natural character of any supposed “absolute relationality”, a systematic approach which improves Hegelian dialectic, going beyond its traditional format, is elaborated in my work to dismiss a teleology applied to a path formed by a series of rational stages (which are always a reaction to an arbitrary ‘preceding’ form of rationality and, so, equivalently arbitrary in the desires they try to fulfil).

My approach, instead, embraces a teleology in the sense that it directly focuses on the “material” end of evaluating, in each context, the optimized distribution of tools so that each individual can perfect her contribution to the other’s happiness, driven by the desire to gain a certain “bargaining power”. The necessary consequent analysis of what this bargaining power is, of how it deals with issues like asymmetric reciprocal expectations and asymmetric power can be inspired, in effect, by an instrumental interpretation of Hegel’s philosophical purpose, in a more methodical and compact way than by the texts of quoted macroeconomists. In synthesis, what for Hegel is reciprocal recognition of one consciousness by another one, can be understood as the acknowledgement and acceptance of the other’s desires, due to the fact that they are seen as having an active role in the self-recognition and fulfilment of one’s own desires.

In order to perform the described task, therefore, it is necessary a structural analysis of the fact that human beings are centres of forces who interact with each other in order to “bargain” something in their favour. From this analysis some elements emerge, such as the recognition of the other’s utility by a certain individual in order to determine reciprocal power. The power to fulfil one’s needs and desires within a community operates as the “bargaining power” which an individual has over another in a certain agreement. The former is recognized by the latter as having or producing something important to her and she is willing to concede this product while bargaining something in exchange. In this structure, the role of the expectation of this reciprocal utility is implicit: temporal and instrumental discrepancies in capacities can undermine an individual’s awareness of the others’ ability to give something in exchange. Consequently, even this individual’s incentive (and, later, ability) to produce something to be exchanged can be undermined in the long run, causing a decrease in the aggregate level of actual and potential recipro-

cal bargaining power and satisfaction. From this – here very synthesized – aspect, we can draw, for example, the preference for an equal distribution of bargaining power in respect to an “equivalent” but unequally distributed aggregate amount of power.

Within this general neo-Hegelian framework I insert an analysis of the logic of contextual socio-economic tools functioning, in order to evaluate in which way they can achieve the aims above. For instance, the importance of the performance of the instrument of credit is clear. Its task needs to be that of recognizing each economic agent’s potentiality and therefore to supply a loan which would act as an anticipated reward, by the community, for the agent’s effort to realize her product. This would mean a continuous maximization of all agents’ capacity to contribute. This has to be accomplished by means of a holistic logic of communitarian development and of contextual analysis of individuals’ potentialities. In order to fulfil this task, for example, it is inefficacious to grant credit using an individualistic logic, as private institutions of credit do.

This kind of reflection about detailed and technical allocation of tools such as credit, labour and means of production is the general approach of the second part of the thesis. The most important empirical scenarios of their appearance are observed. The structure which their functioning manifests within those specific scenarios is outlined, in order to decide in which way they can be best allocated in order to realize the highest reciprocal equal bargaining power. Above all, as well as the topic concerning credit, the distribution of possession of machineries and means of production in comparison with possession of labour power will be taken into account together with the pragmatic structure of a financial bubble.

The practice of looking for a “structure” in the functioning of these major economic instruments within particular contexts is not at odds with the respect of a philosophy of contingency. In fact, it is not an “essence” which is found in the nature of determinate tools, but a “contingent necessity” which cannot be predicted by a general framework and may also be inexistent in several empirical cases. The goal is simply to seek and certify its occurrence in each singular holistic context as far as possible. The rigorous direction of this contextual investigation towards the discovery of the highest possible reciprocal usefulness makes such a methodology respect, improve and overcome pragmatist-deconstructionist attempts to do justice to any form of life’s satisfaction and Hegel’s attempt to theorize highest possible reciprocal “recognition”.

As for the structure of the text, in the first two chapters of the thesis I demonstrate that Rorty's neo-pragmatism and Derrida's openness to the Other give rise, in their practical applications, to the same arbitrariness as the one usually attributed to a society shaped by Hegelian dialectic – which, as it is, is effectively aporetic. In the second chapter I also give a concrete example of how Derrida's philosophical convictions may serve to justify damaging political decisions.

In the third chapter I illustrate the phenomenon of *authority* and how its functioning can explain the “arbitrariness” typical of most economic and political measures. I specify in detail how the dominance of some authorities' naturalness in social decisions undermines a really pragmatist attitude. Such an occurrence can be described by means of the dialectics of reciprocal agreement among individuals who have access to differently powerful and useful instruments and, in general, to instruments which are not optimized in their overall social usefulness. I then explain the reason why the task of looking for a genuine pragmatic thought needs to privilege, in the first place at least, issues concerning exchange economy. The concept of “instrumental maximization of reciprocal bargaining power” is, moreover, found to be consistent with the task of equality and not simply with a Paretian logic of maximization of “aggregate” benefit. In the last paragraph, I face the topic of the development of a financial bubble and I analyse its structure in terms of the reciprocal bargaining power proper of the specific actors involved and the instruments they utilise. I use this example to underline the difference between an hypothetical neo-pragmatist political approach and a concrete approach which takes into account the problem of maximization and equalization of reciprocal instrumental power in economic issues concretely.

In the fourth chapter I discuss the three major “basic economic instruments”: labour force, means of production and credit. By means of a discussion about the distribution of their ownership-availability to individuals, I hypothesize two scenarios whose realization may help to assure a maximization of everybody's utility in an exchange economy. The particular problem of this chapter is the distribution of the first two instruments: how to deal with the power discrepancy which can manifest itself among different entrepreneurs, between the “class” of entrepreneurs and workers or among different workers. In the first hypothesized scenario, it is initially claimed that a model of pragmatically maximized social relationships can be constructed in which the difference be-

tween employers and employees is maintained. I show how such a scenario cannot structurally eliminate imbalances of bargaining power and how such an incapacity burdens on the functioning of the instrument of credit, through the possible alteration of its cost compared with the classical scheme - according to which this cost should be based on the law of supply and demand. In fact, a diversion from this law would denote the possibility of uncertainty in lender's decisions – that is to say the possibility of one or more of the following elements: an imbalanced competitiveness among entrepreneurs and/or of an imbalanced bargaining power between workers and entrepreneurs. The second hypothesis, according to which there should be a coincidence of the roles of entrepreneur and employee, is then assessed as the most suitable for the scope of the chapter.

The chapter opens with a brief introduction of the meaning of the instrument of credit. This is because a discourse is set up about the logical meaning of the functioning of the three major economic instruments in the manifestation of power discrepancy today. This chapter prevalently treats the problem of uncertainty in credit granting as just a reaction to other social discrepancies. In the next chapter, I abandon such an approach and start talking in depth about the active function of credit in respect of distribution of potentialities and maximization of reciprocal utility.

In the fifth and last chapter of my work I focus on the conception of credit which would fit the pragmatic aim of maximizing-equalizing reciprocal bargaining power. I do that by means of a reflection about a possible pragmatist interpretation of Hegelian mechanisms of mutual recognition, in which I perfect the overall analysis made so far about reciprocal “attraction” and expectations. I illustrate Hegel's teleological conception of mutual acknowledgement – whereby it corresponds to the highest possible mutual recognition and fulfilment of desires and, therefore, of individuals' opportunities and benefits. I do that because this conception shares the same ethical preoccupation of doing justice to each individual's features with Rorty and Derrida, by making them flourish and succeed within social life. It also shares the same aporias, but the conceptual tools of optimizations of mutual recognition and expectation provide us with the language to overcome them at a macroeconomic level through an adequate form of the instrument of credit – about which I propose a concrete case study. The scope of the chapter is to explain in detail why a private kind of fund lender and, in general, the currently accepted typologies, are not suitable to optimize reciprocal expectation within an exchange econ-

omy. Since it will be an all-encompassing discussion, I will recall reasons – such as the “individualistic” logic in assessing risk and uncertainty – which would actually be dispelled within the economic system I have fostered so far. There will also be a recall, however, to banking system behaviours – such as quantitative evaluation of potential borrowers or financial speculation - which would be able to prejudice even an ideal system made of worker-owned firms with shared skill and technical-organizational advances. Finally, it will be clear how this “sharing” of advances should also – or, maybe, mostly - be the task of this very ethically sustainable form of credit. In this way, the proposed system of credit granting will complete the general picture of the economic system I would support in order to approach as much as possible the ethical aim of doing “justice to the Other”, which is the underlying problem of the entire itinerary of this dissertation.

I

Richard Rorty's haunting authority**1 – A neo-pragmatist's essential concern**

What seems to be *essential* in the features of Richard Rorty's anti-essentialism is his worry about any tendency, present in a philosophical text, to relate the use of a certain language to «something that has a purpose on its own». That is to say, to something which is naturalistically identified in some particular structure of the subject-object relation or in some *logos* or *telos* which would distinguish human nature and rationality⁹. Such a worry finds its theoretical counterpart in the neo-pragmatist debate about anti-representationalism¹⁰. According to this approach, the conditions of existence of any linguistic – and “non-linguistic” – device, namely its functioning as a pragmatic *expedient* which is formed by relations of changing forces¹¹, appear to justify, throughout Rorty's texts, the intellectual scope of the neo-pragmatist language-game itself. Such a language-game would aim to play a role in the «battle over intrinsicality»¹², by posing a question which has significant implications for what rationality is, or should be, in a po-

⁹ Rorty 1998, P. 301.

¹⁰ We will see that one of the greatest differences between Rortyan neo-pragmatism and the “classical” pragmatists – like James, Peirce and Dewey - is the very sense in which a linguistic element owns an eminently pragmatic value. For these authors seem to have merely substituted the empiricist meaning of “verification”, as Rorty noticed, with «the sense of agreeable leading from one bit of experience to another» (Rorty 1998, P. 299). They still have, therefore, what Derrida calls “a metaphysical conception of sign”(Derrida 1982, §2). For Pierce, for instance, «what the interpreter as translator expresses is that a certain sign in one language stands in the same relation to some object as another sign in another language stands to the same object» (Smith 1998, P. 136). James talks about the working of a theory in the following way: «to ‘agree’ in the widest sense with a reality, can only mean to be guided either straight up to it or into its surroundings, or to be put into such working touch with it as to handle either it or something connected with it better than if we disagreed» (James 1981, P. 102; also quoted in Rorty 1998, P. 299). For Rorty, on the other hand, we can talk of a context as “preferable” because the relations of forces it coincides with “look good” to us. In this vision, language is part of such forces, «not as a tertium quid between Subject and Object, nor as a medium in which we try to form pictures of reality, but as part of the behaviour of human beings» (Rorty 1986. P. xviii).

¹¹ See Rorty 1979, Pp 170-180; Rorty 1998, P. 300.

¹² Rorty 1998, P. 98.

litical community: «How do we tell when a complete causal explanation of X must include statements about X and when it is enough for it simply to explain why people think there is such a thing as X, explain why “X” is in the language?»¹³. Once such a question is legitimized in any ethical-political discussion, in fact, the border between issues about “what is socially right?” and “what is socially useful?” can be blurred.

The recurrent remark, fundamental for Rorty’s thought, whereby «there is no basis for deciding what counts as knowledge and truth other than what one’s peers will let one get away with in the open exchange of claims, counterclaims, and reasons»¹⁴ reflects the intellectual concern to preserve the basic character which makes the pragmatist promote the peculiar *hope*¹⁵ inherent in the figure of the liberal-ironist. That is to say, the character of the lack of any «*real standard* in the matter of better and worse descriptions: although the thoroughgoing ironist can use the notion of a “better description”, she has no criterion for the application of this term»¹⁶, except the «conversational justification» of a greater agreement obtained within a community, through «social practice»¹⁷. The beginning of the last chapter of *Philosophy and the Mirror of the Nature* is clear and peremptory in presenting the necessity to distance the figure of the «edifying» philosopher, with her aim to share a suitable vocabulary during her conversations, from the classical concept of “knowledge”:

the difficulty stems from a notion shared by Platonists, Kantians, and positivists: that man has an essence – namely, to discover essences. The notion that our chief task is to mirror accurately, in our own Glassy Essence, the universe around us is the complement of the notion, common to Democritus and Descartes, that the universe is made up of very simple, clearly and distinctly knowable things, knowledge of whose essences provides the master-vocabulary which permits commensuration of all discourses. The classic picture of human beings must be set aside before epistemologically centred philosophy can be set aside¹⁸.

What is significant in this passage is how Rorty manages to include all nuances of the “representationalist” view of man into a general definition: the tendency to consider, as

¹³ Ibid.

¹⁴ Guignon and Hiley, 2003, P. 11.

¹⁵ See, above all, Rorty 1986, Rorty 1999 and Rorty 1989.

¹⁶ Geras 1995, P. 122, my emphasis.

¹⁷ Rorty 1979, P. 170.

¹⁸ Ibid, P. 357.

the essence of man, the aim “to discover essences”. For once we have accepted it as a description of the general drives which would lead the epistemological enterprise, the source of the problem Rorty talks about seems to be decisively shifted. It moves from the actual constitution – and pragmatic effects - of any possible «picture of human» which can be theorized to the privilege of an attitude, which can even lack a definitive and “objective” result.

Rorty, in effect, claims that the general suitability or acceptance of a certain vocabulary – which is simply equivalent to context-related tools «that may prove useful for some purposes and not for others»¹⁹ -, *does not depend* on any epistemological or *structural* criterion. It does not depend on a criterion which would indicate the presence of an intrinsic and independent structure of human nature or language which, therefore, would carry its own purpose, *sense* or *telos*. Once she becomes aware of that, the ironist is allowed to take on the task of creating what she considers a more suitable human condition, by choosing equally either logic or rhetoric, rational or non-rational methods²⁰. Rather than arguing for a better normative parameter in order to improve human knowledge and ethics, her social goal becomes just «trying to make the vocabulary she prefers *look* better than the vocabulary of objection to it»²¹; it becomes the enhancement of the reciprocal *agreement* which exists within a community through the attempt «to make the vocabulary [she] favours look attractive by showing how it may be used to describe a variety of topics»²².

It could be *necessary*, as well as essential, to have a chance to explain the structurality of the necessity of Rortyan insistence on the question of putting aside any scientific, “epistemological” «spirit of seriousness», which «can only exist in an intellectual world in which human life is an attempt to attain an end beyond life, an escape from freedom into the a-temporal»²³. An insistence which is so *hyperbolic* and paradoxical that goes so far as to recognize the danger of granting the status of “general, natural structure carrying its own purpose” even to the cultural commitment of any possible philosophical approach:

we might move out from under the shadow of Kant's notion that something called a "metaphysics of experience" is needed to provide the "philosophical ba-

¹⁹ Guignon and Hiley, 2003, P. 15.

²⁰ Rorty 1989, P.78 and P. 83.

²¹ Geras 1995, P. 121.

²² Rorty 1989 P. 9 and P. 44; quoted in Geras 1995, P. 122.

²³ Rorty 1986, P. 87.

sis" for the criticism of culture, to the realization that philosophers' criticisms of culture are not more "scientific," more "fundamental," or "deeper" than those of labour leaders, literary critics, retired statesmen, or sculptors²⁴.

The reason for our interest in *justifying* why the necessity felt by Rorty is *essential* for his philosophical approach is precisely that, given the premises of such an approach, such necessity could have been *not* as essential as he makes it appear.

This prospect has something to do with the parameters which would let us say, according to Rorty, that a «language game helps us to cope»²⁵. It does not resort, however, to the misleading objection made by Norman Geras, who maintains that

coping [...], appearing to furnish by implication some neutral yardstick, actually poses as its own question: coping with, or in, what? Here Rorty may allow himself sometimes to say 'coping with the world'. But coping and not coping with the world are themselves features of the world -- of which it is asserted that there is not a Way It Is apart from our descriptions of it. With the powers imputed by him to description, anything must also be construable, presumably, as (useful) coping or as (useless) failure to cope²⁶.

In effect, the same connotations which could have made *unessential*, for Rorty's holistic vision, the requirement of setting aside any idea of what Nature is seem to be neglected by a criticism of that sort. In fact it would ignore the very connotations Rorty bestows on his holistic conception of «coping».

For one should note that if an *aporia* is set inside Rorty's interpretation of what «coping» means, it is only inferable, paradoxically, from how consistently the neo-pragmatist would be willing to state that a preferable "description of the world" shapes itself through its interaction with other beliefs and "forces". Still better, it is inferable from the extent to which the neo-pragmatist would affirm that any "description of the world" is nothing but this interaction of "forces" – and that it does not require, in this way, any subject-object structure to function. This clear anti-representationalist vision of what «coping» means contains, in fact, the source of an *aporia* within its very possi-

²⁴ Ibid. In his presentation of the history of the "metaphysics of experience" and of the "theory of knowledge" which characterizes Western philosophy, Rorty locates Kantian particularity in his advancing «toward a conception of knowledge as fundamentally "knowing that" rather than "knowing of" [...], toward a conception of knowing which was not modelled on perception» and Kantian mistake into «a confusion between predication (saying something about an object) and synthesis (putting representation together in inner space)» (Rorty 1979, Pp. 147-148).

²⁵ Geras 1995 P. 123.

²⁶ Ibid.

bility of being developed. Such *aporia* is connected to the issue about the possible *extent* of an *agreement* within human community – agreement which coincides, therefore, within a context which is an interaction of forces - which is a certain description or vision of the world. Given the epistemological equivalence of such interactions of forces, the problem which one should face is reduced to the best possible determination of the *extension* of certain human desires and needs. Rorty asserts :«If one claims that a theory of truth is what works better than any competing theory, one is saying that it works better by reference to *our* purposes, *our* particular situation in intellectual history»²⁷. The resulting paradox is well illustrated in an article by James Tartaglia, in which he discusses the arguments used by Rorty in order to dismiss what, according to the American thinker, is still manifested in Quine and Sellars as typical representationalist prejudices²⁸:

The account is that beliefs are not justified individually by the world, but holistically by societal agreements, founded on coherence, which harness causal pressures to serve the social purposes selected for by cultural evolution. The difficulties for this account begin when we note that if justification is determined by societal agreement, and ultimately social usefulness, then for Rorty's position to be consistent, it must be justified in the same way. Thus his argument cannot be that Quine and Sellars demonstrated objective truths about justification, namely that representationalism is untenable because it neglects both the holistic nature of justification, and the distinctness of causation and justification. Neither can it be that, as a matter of fact, it is impossible for us to step outside our skins' by comparing our descriptions to the language-independent world. If Rorty were arguing this way, then he would be arguing, absurdly, that representationalism fails to

²⁷ Rorty 1998, P. 303.

²⁸ As Tartaglia shows, Rorty is grateful to Sellars and Quine for having supplied the basic theoretical elements for his holism: «Rorty has a substantive case for his position, which is most fully developed in his critique of representationalism in *Philosophy and the Mirror of Nature*. The heart of this case is that the combination of Sellars arguments against the Myth of the Given' and Quine's arguments against analyticity, undermine any representationalist model of the relation between language and the world. Thus Sellars showed that representationalism confuses causation with justification when it locates the justification for our beliefs in the causal impact of the environment, while Quine showed that experience bears evidentially on our claims only as a collective whole, making it impossible to isolate the support the world provides for an individual belief. The combined effect of these arguments, according to Rorty, is to show that our beliefs are not justified through a quasi-mechanical transaction between mind and world that might be studied *a priori* by epistemologists, in order to determine the conditions of successful representation. Rather beliefs are justified by the out-come of large-scale social interactions that cannot in principle be predicted in advance» (Tartaglia 2012, P. 294). However, according to Rorty, while Sellars failed to get rid of the necessary-contingent distinction – which Quine brought into question - , Quine clung to a certain difference between “stimuli” and “posits” – which, on the contrary, Sellars contributed to dismiss (see Rorty 1979, P. 171).

accurately represent the facts about justification, and hence is an unjustified position. Rather, Rorty can only consistently argue that Quine and Sellars' arguments, as well as his own ubiquity of language' thesis and consequent intravocabulary conception of justification, are justified by societal agreement²⁹.

The potentiality of a holistic structure to be shared among individuals is what needs to be examined in order to assess the 'level' of suitability of a theoretical and pragmatic position, according to Rorty's assumptions. If this consideration appears to be implicit in the anti-representationalist and pragmatist attitude proposed in Rorty's texts, it is paradoxically a *strict* exclusion of any semblance of "intrinsicity" which seems to be puzzling, mostly when it is directed toward authors who, in their "epistemology", *agree* in some way with Rortyan emphasis on the evaluation of the extent of the *agreement*.

One of the most evident cases is how «Rorty rejects what he sees as Dewey's privileging of natural science over literary culture, just as he refuses to countenance philosophical discourse that traffics, as Dewey's does, with non-linguistic entities like experiences or ideas»³⁰. Rorty himself notices that the methodological preference of Dewey towards a scientific and naturalistic approach is based on values which, throughout Dewey's instrumentalism, always involve the survey of the degree of "agreement" which is present within a human environment. For Dewey, in fact, «the pragmatist claims his theory to be true in the pragmatic sense of truth; it works, it clears up difficulties, removes obscurities [...]; does away with self-made problems of epistemology, clarifies and reorganizes logical theory»³¹.

A classical interpretation of linguistic phenomena as mirroring internal ideas or perception is rejected in *Experience and Nature*, in favour of a naturalistic version of language as a tool for transmitting forms of life and behaviours as forces: «language, communication, discourse [...] in virtue of which the consequences of the experience of one form of life are integrated in the behaviour of others»³². The input, the "general attitude" which drives Dewey's scientific inquiry seems to be equivalent to the ethical goal of the Rortyan ironist, even more so once we accept Rorty's account whereby any evaluation of what is "truth" is a discussion about some particular intellectual and cultural envi-

²⁹ Tartaglia 2012 P. 13.

³⁰ Shusterman 1994 P. 391.

³¹ J. Dewey, *A short catechism*, P. 9; quoted in Rorty 1998, P. 301.

³² Dewey 1929, P. 280.

ronment, goals or desires³³. We can consider, for instance, the assessment of what is a “true” cognitive perception which *Experience and Nature* presents:

That a perception is cognitive means, accordingly, that it is used; it is treated as a sign of conditions that implicate other as yet unperceived consequences in addition to the perception itself. That a perception is truly cognitive means that its active use or treatment is followed by consequences which fit appropriately into the other consequences which follow independently of its being perceived. To discover that a perception or an idea is cognitively invalid is to find that the consequences which follow from acting upon it entangle and confuse the other consequences which follow from the causes of the perception, instead of integrating or coordinating harmoniously with them. The special technique of scientific inquiry may be defined as consisting of procedures which make it possible to perceive the eventual agreement or disagreement of the two sets of consequences³⁴.

What is at stake in this passage is a judgement on the potentiality of certain “structures of forces” to be shared; it substitutes any account of human essence for the attitude to look for the greater benefit given by the very “agreement of consequences”. Such an intellectual aim is acknowledged by Rorty but, at the same time, it is unveiled by the neo-pragmatist in its promoting a typology of language which would be likely to bring a “more harmful” vision of the human. It is the very “naturalistic” and “scientific” lexicon, structuring expositions like the passage we have seen which, according to Rorty, maintains the danger of referring to some more “authentic” nature. For him, the classical pragmatist’s redefinition of “agreement” and “correspondence” - «in the sense of agreeable leading from one bit of experience to another» - «would be harmless enough if they were simply ways of saying “truth is what works”»³⁵.

2 - The ironist’s haunt

In order to understand what suppositions are at work in such an essential necessity, for Rorty, to avoid any description of *agreements* which recalls something “intrinsic”, it could be useful to specify how a difference in the respective theoretical languages re-

³³ See Rorty 1998, P. 303.

³⁴ Dewey 1929, Pp. 323-324.

³⁵ Rorty 1998, P. 299.

flects itself, in the case of the comparison with Dewey, in a slightly different outcome in the respective ethical propositions. Dewey's lexicon, in effect, manifests a certain confidence in what one could call, from a pragmatist's point of view, the "contingent necessities" of scientific discoveries and outcomes. That is a confidence in their capacity to form a shared environment of values which can lay the basis for a reduction of "reciprocal misunderstandings" in any field and an increase in the self-fulfilment of the individual within a community. This general tendency can be drawn, for instance, from texts where terms concerning moral issues and terms describing institutional knowledge are closely correlated:

in fact moral is the most humane of all subjects. It is that which is closest to human nature [...] Since it directly concerns human nature, everything that can be known of the human mind and body in physiology, medicine, anthropology, and psychology is pertinent to moral inquiry [...] Hence physics, chemistry, history, statistics, engineering science, are a part of disciplined moral knowledge so far as they enable us to understand the conditions and agencies through which man lives, and on account of which he forms and executes his plans. Moral science is not something with a separate province. It is physical, biological and historic knowledge placed in a human context where it will illuminate and guide the activities of men³⁶.

A characteristic which stands out here is how the general pragmatic aim of the common agreement is a deal which strongly involves "public institutions", whether understood as the body of a discipline and a science or as the common and widespread understanding of the features and goals of society. Rorty seems to be suspicious of such an identification of the concept "agreement among individuals" with the possible normativity which can be "shared" and "acknowledged" through public institutions. Institutions which can be consistently identified, if one takes into account Dewey's conception whereby *means* are holistically parts of the *end*³⁷, both as tools toward such a common agreement and as manifestations of the same. The hope identified with the figure of the liberal-ironist is based on the suspicion that what public institutions spread as shared vocabulary is always in danger of not effectively coinciding with the particular "agreement" needed in a singular situation. For this reason Rorty could never accept a research of «regularities or needs that are virtually necessary given the contingent evolution and

³⁶ Dewey 1922, Pp. 295-296.

³⁷ See Dewey 1929, P. 223.

current structures of human biology and history»³⁸, undertaken by or coincident with human institutions, at least without decrying them as presupposing the existence of some essence of man. It would be still more unlikely that the ironist would share Dewey's conviction whereby «human interactions can be regulated, employed in an orderly way for good only as we know how to observe them. And they cannot be observed aright, they cannot be understood and utilized, when the mind is left to itself to work without the aid of science»³⁹.

I formulate here, therefore, a first characterization of what may be considered the basic reason for the essential necessity, present in Rorty, to avert any trace of intrinsicity or “independent purpose” of a structure. Such a reason seems to be his *structural* lack of confidence in the possibility of any, inevitably institutionalized, human language to “really” match any contingent change of needs, desires, values or meanings. A motive which can be also named as the conviction whereby it is impossible, when considering «the adoption of the cooperative inquiry model of science in our social lives»⁴⁰ or the adoption of any model of institution or language, not to *structurally* create a risk of “violence” towards an individual's «final vocabularies»⁴¹, through the ineluctable de-contextualizations⁴² of such models. Once illustrated Rorty's theoretical – “structural” - approach in this way, I consequently outline two main conditions because of which Rorty's intellectual commitment turns out to be so tied to the need to proscribe any references to a “natural” purpose of a structure. It is meaningful to underline that, in the absence of such conditions, a pragmatist's attitude may as well result in what one can think of as a useful “therapist” enterprise, that is in an operation of linguistic elucidation of the pragmatic sense which various subject theories own; an elucidation which would clarify the “best” ways to arrange an agreeable pragmatic relation between different parts of “reality” which would be its linguistic and non-linguistic elements – just as the “Wittgensteinian therapists” Rorty talks about interpret the purpose of *Philosophical Investigations* as of clearing «the confusion in the speaker's relation to her words»⁴³.

The first condition is the persuasion whereby the potential total agreement which could be brought by a figure like the liberal-ironist is effectively greater than the potential to-

³⁸ Shusterman 1994, P. 398.

³⁹ Dewey 1922, P. 329.

⁴⁰ Campbell 1995, P. 209.

⁴¹ See Rorty 1989, Part II.

⁴² With this term we intend to recall that the «fragility and contingency of any final vocabulary» is the “effect” or, better still, one of the expressions of how the total meaning and “pragmatic consequences” of a term, concept or discourse *coincide* holistically with “their” total and relentlessly changing context.

⁴³ Rorty 2007, P. 168.

tal agreement which any theory of the subject, of human nature and of man's relation to the world could bring. Not surprisingly, in fact, «Rorty wants to protect our cherished negative liberties from philosophical tyranny» because «no philosopher, no matter how sure of his or her ideal of self-perfection, should be able to prescribe how individuals must live their own private lives»⁴⁴. And such a persuasion must have played a role in Rorty's fundamental worry about «something that has purpose on its own» despite the fact that a researcher could be *persuaded* that the language-game, the inevitably institutionalized language she is going to implement, is the outcome of a method which has effectively the potentiality to create a greater agreement among humans. A agreement, at least, throughout her intellectual context – as in the case of Dewey or in the case of the quest for the greater «simplicity, linearity, clarity» of Quine's extensional language⁴⁵, which Rorty analyses in some chapters of *Philosophy and the Mirror of the Nature*⁴⁶.

The second condition could significantly be read as the condition of the first one. This is the assimilation, by the liberal-ironist, of any institution and of any persuasion of its coherent working –and, therefore, of its “actual being *shared*” - to an idealization. The condition of existence of such an idealization is an ostensible unawareness of its being «perpetually threatened» and «haunted». We can in fact notice, in the passages in which Rorty introduces the concept of «final vocabulary», a reference to a certain tension – or discrepancy - between, on the one hand, what would justify a belief within the architecture of an institutionalized language – or a «final vocabulary» and, on the other hand, the possible perception of a certain unsuitability of such a belief. This tension would recall the fact that there is a structural risk of non-coincidence between justifications and values modelled within any «final vocabulary» and the exact “language” – or “environment” – which an individual would need in order to fulfil her contingent needs and desires.

A «final vocabulary», in effect, is defined as «a set of words which human beings employ to justify their actions, their beliefs, and their lives. These are the words in which we formulate praise of our friends and contempt for our enemies, our long-term projects, our deepest self-doubts and our highest hopes»⁴⁷. But the role such a definition plays in Rorty's text is to open a discussion about the factors which would make the

⁴⁴ Shusterman P. 401.

⁴⁵ See, for instance, Quine 1960.

⁴⁶ See § 4 and §5.

⁴⁷ Rorty 1989, P. 73.

plain acceptance of the general validity of a certain vocabulary and of the *agreement* it would carry the result of a sort of *illusion*. Consistently with his worry about the dependence of any language on something which «has purpose on its own», Rorty relates any feature which would manifest the insufficiency and the danger of relying on a privileged vocabulary to the dependence of any «final vocabulary» on the system of values of a certain tradition. In fact, «the opposite of irony is common sense. For that is the watchword of those who unselfconsciously describe everything important in terms of the final vocabulary to which they and those around them are habituated»⁴⁸. In the end, any individual's, singular and contextualized vocabulary is, inevitably, «made up of thin, flexible, and ubiquitous terms such as "true," "good," "right," and "beautiful." The larger part contains thicker, more rigid, and more parochial terms, for example, "Christ," "England," "professional standards," "decency," "kindness," "the Revolution," "the Church," "progressive," "rigorous," "creative." The more parochial terms do most of the work»⁴⁹.

The different approaches through which the ironist and the metaphysician – but also the common men – deal with the inherited structures of beliefs reflected by these words display that the very functioning of a web of meanings is, in the end, connected with a certain degree of deception which these structures cast on the individual. In fact, while the ironist is identified as the one who «has *radical and continuing doubts* about the final vocabulary she currently uses, because she has been impressed by other vocabularies, vocabularies taken as final by people or books she has encountered»⁵⁰, for the “common men” to be commonsensical «is to *take for granted* that statements formulated in that final vocabulary suffice to describe and judge [their] beliefs»⁵¹. The ironist «*realizes* that argument phrased in her present vocabulary can neither underwrite nor dissolve these doubts».

Rorty calls «people of this sort "ironists" because of their *realization* that anything can be made to look good or bad by being re-described». They are «never quite able to take themselves seriously because they are always *aware* that the terms in which they describe themselves are subject to change, they are always *aware* of the contingency and fragility of their final vocabularies»⁵².

⁴⁸ Ibid, P. 74.

⁴⁹ Ibid, P. 73.

⁵⁰ Ibid, my emphasis.

⁵¹ Ibid, P. 74, my emphasis.

⁵² Ibid, Pp. 73-74, my emphases.

The metaphysician, instead, «is still attached to common sense, in that he does not question the platitudes which encapsulate the use of a given final vocabulary, and in particular the platitude which says there is a single permanent reality to be found behind the many temporary appearances»⁵³.

Rorty seems to stress the fact that what the ironist is aware of is that, since any vocabulary which claims to definitively describe reality cannot help but work throughout – or coincide with - a relentless de-contextualization of meanings and intentions, it cannot avoid “transforming itself” and being always at risk of causing “misunderstandings”. Yet, one could add, since the “common men” *inevitably* have to think and act by means of a privileged vocabulary, they cannot help but use it as the best way to deal with such misunderstandings, in any case. Even in the circumstance in which some doubt strikes them, they inevitably have to think through their privileged language and have to feel persuaded that the “vocabulary” of their doubts, of their “awareness of them” is, as far as they are aware, the best available language they can use to deal with reality. The common sense persuasion would be, in this way, an inevitable feature – I am arguing an essential characteristic – of the functioning of a «final vocabulary». Any language would work, as its own structure, as a web of forces which shape a certain kind of “power” which would be, in the end, nothing but all features of a “single” context de-contextualizing itself. In this way, what the context of forces coincident with the “liberal-ironist” would own as a different and specific form would be its substituting a “common” kind of persuasion with an “ontologically” equivalent but far more harmless and suitable kind of persuasion.

Hence, to correctly consider Rorty’s assumptions, the central issue would be now to clarify why and how the ironist’s move of «re-describing ranges of objects or events in partially neologistic jargon, in the hope of inciting people to adopt and extend that jargon»⁵⁴ would be less *dependent* on a structure which inevitably owns as its characteristic an ubiquitous risk of causing misunderstandings, which seems to be an essential feature of the formation of a «final vocabulary» and of any alleged “institutional” agreement. It is a crucial issue in order to assess the coherence of Rorty’s position. In fact, given what has been said, the ironist’s move itself would be, in the end, dependent on – or coincident with - a certain privileged language.

⁵³ Ibid, P. 74.

⁵⁴ Ibid, P. 78.

When recalling the introduction of the concept of «final vocabulary», I asserted that «consistently with his worry about the dependence of any language on something which “has purpose on its own”, Rorty relates any feature which would manifest the insufficiency and the danger of relying on a privileged vocabulary to the dependence of any “final vocabulary” on the system of values of a certain tradition». I can now rephrase my initial topic with an issue which concerns the very concept of “coherence” in relation to positions, like Rorty’s, which do not even admit universal presuppositions of inquiry which “can cross over the boundaries between paradigms”. It has become evident, in fact, that the theoretical weight and pragmatic effectiveness of Rorty’s concern about «relating language to some structural criterion, sense or telos» turns out to involve, in the light of the clarified conditions of the liberal-ironist’s language constitution, the question of the internal coherence of the functioning of Rorty’s discourse itself and, consequently, of its “output”. That is to say, once a liberal-ironist is persuaded, according to Rorty, of the impossibility of finding foundations for her own vocabulary and therefore feels that she is allowed to choose any re-description she senses as suitable and to distinguish between re-description for private and for public purposes, is it coherent, for Rorty, to tie the presentation of such a figure to such a *persuasion* and, therefore, to a certain criterion, paradigm or general structure of a language? Is it coherent, for Rorty, to make the ironist’s language *dependent*, in this way, on an alleged general structure? We can assume that the neo-pragmatist was significantly *aware* of that:

As Rorty said, he was glad if his writing was useful, but was concerned that I might think it more useful than it actually was: *skip the meta-discourse and just get on with it!* Rorty is out to de-divinize the world, and certainly doesn’t want himself or any other philosopher to become an essential reference point, to take the place vacated by Truth or God⁵⁵.

But would it be more *coherent* to read this awareness, in turn, as simply the outcome of an ontologically equivalent structure, of a certain privileged vocabulary or as a sign of the realization that the only way to continue being coherent, for a supposed anti-foundationalist thought, is to become *incoherent*? Is it, after all, that the theoretical move and will to base his own philosophy on stressing the possibility of the «activity of devising new incommensurable discourses[...] as the new impetus for inquiry after the demise of objective truth, one which is self-consciously internal to inquiry, rather than

⁵⁵ Reason 2003, P. 116.

provided by an imaginary external goal»⁵⁶ is a sign of a *coherence* inherent to Rorty's vocabulary? Namely, the coherence which manifests itself in Rorty's backing out of any "ethical" rule, a rule which would have sprung from Rorty's very conception of language and made him face the structural impossibility of choosing a precise vocabulary, *even his own neo-pragmatist one*; a rule which would have taken him away from the ability to choose a more suitable language in any contingency. A coherence, therefore, which we can find in Rorty's being able to choose a better vocabulary *independently* from any "paradigm" he might inevitably come across.

An ability whose conditions are, nevertheless, its making use of a set of language-games which de-contextualize themselves and can never coincide with «the exact "language", "intentions" – or "environment" – which an individual would need in order to fulfil her contingent needs and desires».

Does Rorty's vocabulary coherence undermine itself? In order to be able to make the choice we illustrated, the neo-pragmatist has to be unable to make it, he has to be "conditioned", and his philosophical commitment appears to be not decidable in its theoretical and ethical contribution and *identity*.

3 – Foucault's confinement

We find ourselves now at a decisive juncture. It will be revealed as essential to understand the place a discourse like Rorty's can have within debates about the role of the transcendental⁵⁷. If the Rortyan figure of a pragmatist proves to dwell on the sort of ontological paradox and the consequent "undecidable" ethical identity we highlighted, the concept of "liberal-ironist" itself presumes a degree of ethical and ontological pureness

⁵⁶ Tartaglia 2007, P. 204.

⁵⁷ A debate regarding the "transcendental" understood as the condition of functioning of the devices we use and, therefore, the "knowledge of transcendental" as condition for a fairer approach to the world. As Malpas points out in his history of the contemporary idea of "transcendental": «Transcendental reflection seeks to establish what is constitutive of all possible experience, all possible language use, all possible worlds. In this sense, I suggested, it has the power to open windows and doors in the different houses prejudice has built, houses that inevitably have shut out a great deal that is possible and, more importantly, desirable. What gives transcendental reflection its importance is its emancipatory power, its ability to call into question all sorts of supposedly unshakeable foundations. Transcendental reflection sets us free» (Malpas 2002, P.159.).

as high as the one demanded for *ideally* liberal states⁵⁸. Rorty would be committed, in this way, to an ideal as strong as the one he criticises and, above all, his philosophical position is likely to produce the same ethical and political consequences he ascribes to the «representationalist philosophies».

One can find the danger of an *undecidability* within the ironist's figure discussed by Rorty in a text where he tries to locate the role of pragmatism in relation to the very topic of whether we are allowed to "hope" or not, to rely or not on our capacity to achieve a better future once we give up thinking that «"the study of man" or "the human sciences" have a nature, any more than we think that man does»⁵⁹. In the essay *Un-grounded Hope: Dewey vs. Foucault* Rorty, in fact, appears to be engaged in a comparison between two opposite ethical reactions to the loss of confidence in «objectivity»; two positions which would convey a radically opposite "pragmatic" evaluation of the potentiality of what we would call an "ironist". On the one hand we find Dewey's interpretation of discourse, this time read from the point of view of his optimistic vision of it «as instrumental, as one element in the arsenal of tools people use for gratifying, synthesizing, and harmonizing their desires»; on the other hand the consideration of how Foucault interprets his own studies on «the (more or less) coercive *practices* and subtle *techniques* by which people are subjected and subject themselves to discipline»⁶⁰.

Rorty underlines how what could be interpreted as a mere difference of «tone» represents the two possible «ways to go» once «the pragmatist line is adopted». In fact «one can emphasize, as Dewey did, the moral importance of the social sciences-their role in widening and deepening our sense of community and of the possibilities open to this community. Or one can emphasize, as Michel Foucault does, the way in which the social sciences have served as instruments of "the disciplinary society", the connection between knowledge and power rather than that between knowledge and human solidarity»⁶¹.

Although Rorty's essay on Dewey and Foucault can be read as "discussing" the difficulty of attributing a non-conditioned intension to the liberal-ironist, the *undecidability* I

⁵⁸ It is meaningful that such an *ideality* is also explicitly acknowledged by Rorty, but in an "ontologically positive" acceptance: «to see one's language, one's conscience, one's morality, and one's highest hopes as contingent products, as literalizations of what once were accidentally produced metaphors, is to adopt a self-identity which suits one for citizenship in such an *ideally* liberal state» (Rorty 1989, P. 61, my emphasis).

⁵⁹ Rorty 1986, P. 203.

⁶⁰ Kumar 2005, P. 36.

⁶¹ Rorty 1986. P. 203-204.

talked about is here faced only in as much as it is *excluded* from the inside of a discourse over the transcendental. That is to say, the danger of an *undecidability* concerning the efficacy of the pragmatist's anti-transcendentalist care is seen as dependent on a *misunderstanding* of the debate on human nature and a priori knowledge, not as a structural feature of such a transcendental debate itself. The danger whereby any vocabulary would intrinsically express itself as a structure of power, an «instrument of domination and manipulation»⁶² is examined, in Rorty's text, as a perception coming from some of Foucault's "misapprehension" of the theme rather than coming from a certain functioning of language which Foucault's analysis contributes to display. In this way any debate over the *undecidability* of the ironist's function is, from its very beginning, deprived of a serious transcendental relevance.

A reading of Rorty's essay can highlight how Dewey's and Foucault's approaches are mainly described by recalling a pure intellectual attitude which is typical of their "intellectual predecessor", rather than by an analytical parallelism between the concepts they use⁶³. Rorty, in this way, frames Foucault into a particular cultural inclination of the intellectual set to which he and Dewey also belong; in effect he praises the French thinker for being «a fellow anti-dualist, anti-Platonist, anti-representationalist, anti-essentialist, and social constructivist»⁶⁴. After wondering whether Foucault's «different spin» is due to «an ingenuous Anglo-Saxon pose as opposed to a self-dramatizing Continental one»⁶⁵, Rorty cites Ian Hacking in order to make clear where Foucault's different stance comes from:

Foucault said that the concept Man is a fraud, not that you and I are as nothing. Likewise the concept Hope is all wrong. The hopes attributed to Marx and Rousseau are perhaps part of that very concept Man, and they are a sorry basis for op-

⁶² See Ibid.

⁶³I dare to say that Rorty tries, here, to instil the idea that such a difference is a matter of "passively accepted" legacies: «Dewey emphasizes that this move "beyond method" gives mankind an opportunity to grow up, to be free to make itself, rather than seeking direction from some imagined outside source[...]Foucault also moves beyond the traditional ideals of method and rationality as antecedent constraints upon inquiry, but he views this move as the Nietzschean realization that all knowledge-claims are moves in a power-game. "We are subject to the production of truth through power, and we cannot exercise power except through the production of truth". Here we have two philosophers saying the same thing but putting a different spin on it. The same phenomenon is found in their respective predecessors. James and Nietzsche developed the same criticisms of traditional notions of truth, and the same "pragmatic" (or "perspectivalist") alternative. James jovially says that "ideas become true just insofar as they help us to get into satisfactory relation with other parts of our experience" [...]Nietzsche says that "the criterion of truth resides in the enhancement of the feeling of power"» (Rorty 1986, P. 205.).

⁶⁴ Małecki 2011, P.107.

⁶⁵ Ibid.

timism [...]If we're not satisfied, it should not be because he is pessimistic. It is because he has given no surrogate for whatever it is that springs eternal in the human breast⁶⁶.

Foucault, in other words, would have connected values as solidarity and hope to a certain conception of *man* perpetrating, therefore, a metaphysical attitude *negatively*, or, to use a metaphor, as its negative. What is meaningful, however, is that Rorty, in this text, completely overlooks any argument or terminology which would recall issues as the function of the «archive» and of the «subject» for Foucault⁶⁷ and denotes this latter's alleged tendency by using words which appear to invoke the role of a sort of intellectual habit or feeling: «What Foucault doesn't give us is what Dewey wanted to give us - a kind of hope which doesn't need reinforcement from "the idea of a transcendental or enduring subject." Dewey offered ways of using words like "truth," "rationality," "progress," "freedom," "democracy," "culture," "art," and the like which presupposed neither the ability to use the familiar vocabulary of what Foucault calls "the classic age," nor that of the nineteenth-century French intellectuals»⁶⁸.

Rorty avoids explaining the structural reasons whereby Dewey's stance would be more suitable, limiting himself to showing the “emotional” obstacles which would prevent us from accepting that, even within a prospective which leaves out any natural human *telos*, «the will to truth is not the urge to dominate but the urge to create, to “attain working harmony among diverse desires”»: «This may sound too pat, too good to be true. I suggest that the reason we find it so is that we are convinced that liberalism requires the notion of a common human nature, or a common set of moral principles which binds us all, or some other descendent of the Christian notion of the Brotherhood of Man. So we have come to see liberal social hope - such as Dewey's -as inherently self-deceptive and philosophically naive. We think that, once we have freed ourselves from the various illusions which Nietzsche diagnosed, we must find ourselves all alone, without the sense of community which liberalism requires»⁶⁹.

The spirit of this assessment conveys the idea that it is mostly a motion of philosophical *nostalgia* which would drive any of Foucault's “ethical” judgement of language, namely, a theoretically unfounded nostalgia for something which would have «purpose on its own». In this sense, Foucault's suggestion whereby social practices are «systems

⁶⁶ Rorty 1986, P. 206.

⁶⁷ Foucault 1972, part III.

⁶⁸ Rorty 1986, P. 206.

⁶⁹ Ibid, P. 207.

of control [which] work to frustrate or prevent the fulfilment or satisfaction of some ‘significant’ desires, purposes, needs or interests, not only directly or ‘negatively’ through repression but also (in Foucault’s historical narratives) “by inducing in us a certain self-understanding, an identity”»⁷⁰ would be a sign of the *dependence* of his analysis of language on a structural criterion, a criterion whereby the authentic paradigm of human nature would be the loss of the possibility of authentically following any telos. Any suspicion of undecidability concerning the figure of the liberal-ironist is, in such a way, held back within a discussion which is allegedly faulty from its very start. The “feeling” supporting Foucault’s philosophical position is, in fact, *a priori* evaluated as fallacious, for its being dependent on a *conditioned* conception of humanity, which is something which is essentially rejected by Rorty’s neo-pragmatism. Its hypothetical application to the case of pragmatism would be detrimental because it would draw attention to a certain structural “nature” of language and human *whose idea would undermine the possibility of an efficacious liberal-ironist hope*. Consequently, once one keeps being careful of the existence of these fallacies, it is evident that «there is no inferential connection between the disappearance of the transcendental subject-of “man” as something having a nature which society can repress or understand-and the disappearance of human solidarity. Bourgeois liberalism seems [...] the best example of this solidarity we have yet achieved, and Deweyan pragmatism the best articulation of it»⁷¹.

On the contrary, Dewey’s position seems to be *a priori* evaluated as pragmatically effective because, at least within the margins of this specific essay, his intellectual commitment is described as independent and freed from a constraining conception of human relations; this feature makes him capable of having faith in the vocabulary of “American pluralism”. Dewey, in fact, has already reached «the point at which we can make philosophical and historical (“genealogical”) reflection useful to those, in Foucault’s phrase, “whose fight is located in the fine meshes of the webs of power”. Dewey spent his life trying to lend a hand in these little fights, and in the course of doing so he worked out the vocabulary and rhetoric of American “pluralism”. This rhetoric made the first generation of American social scientists think of themselves as apostles of a new form of social life»⁷².

⁷⁰ Kumar 2005, P. 49.

⁷¹ Rorty 1986, P. 207.

⁷² Ibid.

But it would be unfair to simply indicate Rorty's reaction against Foucault's post-humanism as a sort of escape from a theoretical danger. In order to value the real philosophical and practical relevance of Rorty's worry about transcendental stances, one has to be, once more, consistent with the neo-pragmatist's assumptions.

In fact, it is right to take into account that, once one has accepted a «conversational justification» of vocabulary and the pragmatist's necessity to make it «look good» or «bad» according to historical criteria and contingencies, the only way to assess Rorty's argumentations is to weigh the suitability of their language and of the political attitude they propose in a precise cultural context. That is to say, we must abandon any theoretical *generalization* in favour of a consideration of the actual contexts in which there have been the *conditions* thanks to which the pragmatic purpose intrinsic to any form of thought has itself been manifested. In this way, Rorty's scepticism toward Foucault would not seem a blind safeguard of a general theory of human relations but, rather, a realization that a kind of progress-without-telos has let men like Dewey offer us «ways of using words like “truth”, “rationality”, “progress”, “freedom”, “democracy”, “culture”, “art”, and the like» without referring to an intrinsic human nature. Such a “progress” would have allowed our pragmatic behaviour to indeed express itself better, to achieve greater human benefits and, therefore, to become “fulfilled”, through the language which is typical of Western societies. The issue would be, in this sense, to judge Rorty's criticism as a historical and political configuration of the “pragmatist's” status at her best effectiveness, assessing therefore the actual efficacy of the typology of culture Rorty supports in order to create human benefits.

To focus on Rorty's numerous references to what he considers as contexts of «liberal politics» might help to understand how he can draw a substantial line of separation between his liberalism and Foucault's supposed theoretical stance. It might help to understand why a «view of the self as a random composite of incompatible quasi selves constantly seeking new possibilities and multiple changing vocabularies»⁷³ is conceived by Rorty as fitting a liberal society while «Foucault's projection of the desire for private autonomy out onto politics»⁷⁴ is read as the result of a kind of nostalgia for the possibility of sharing authentic human nature values within a community.

For such opposite evaluations would not be, in “theory”, expected to be so. In fact, supposing that Foucault's vision of «human subjectivity as a contingent product of contin-

⁷³ Shusterman 1994, P.402.

⁷⁴ Rorty 1991, P. 196.

gently existing forces»⁷⁵ really leads the French philosopher to believe «at least in his anarchist moments, that every social institution is equally unjustifiable, that all of them are on a par»⁷⁶, it is not difficult to notice that such a conviction would find its roots, within Foucault's thought, in elements which I argued to be clearly "essential" for the development of the liberal-ironist's features. One of them is, for instance, the recognition that the greatest number of institutionalized privileged languages which enjoy a *seeming* agreement among individuals can, as a matter of facts, «frustrate or prevent the fulfilment or satisfaction of some 'significant' desires, purposes, needs or interests, not only directly or 'negatively' through repression but also – as in Foucault's historical narratives - "by inducing in us a certain self-understanding, a certain identity»⁷⁷. Another one is the emphasis put on the ineluctable contingency of any linguistic - "holistic" – construction. Foucault maintains: «The enunciation is an unrepeatable event; it has a situated and dated uniqueness that is irreducible»⁷⁸. Another one is, still, the refusal to believe that, if we get rid of a false conception of "truth", rationality and human nature, we will definitively be able to give better answers to the traditional problems and to unmask a more "authentic" human nature.

I illustrated Rorty's scepticism about this belief when I commented his perplexity towards Dewey's view of «instrumentalism». Even if one might find some ambiguities about this theme in Foucault's later ideas about the «care of the self», it is evident from some passages that the importance of «restoring a full and positive relationship with himself»⁷⁹ lies, for the French philosopher, in the contextualized evaluation of what are the most beneficial "practices of freedom" and not in an alleged liberation of an authentic identity or repressed nature:

I've always been a little distrustful of the general theme of liberation, to the extent, that, if one does not treat it with a certain number of safeguards and within certain limits, there is the danger that it will refer back to the idea that there does exist a nature or a human foundation which, as a result of a certain number of historical, social or economic processes, found itself concealed, alienated or imprisoned in and by some repressive mechanism [...]this act of liberation is not

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Kumar 2005, P. 49.

⁷⁸ Foucault 1972, P. 101.

⁷⁹ *The ethic of care for the self as a practice of freedom : an interview with Michel Foucault on January 20, 1984*, conducted by Raúl Fornet-Betancourt, Helmut Becker, Alfredo Gomez-Müller and J. D. Gauthier, in *Philosophy Social Criticism* 1987 12: 112, Sage Publication, P. 113.

sufficient to establish the practices of liberty that later on will be necessary for people [...] I encountered that exact same problem in dealing with sexuality: does the expression “let us liberate our sexuality” have a meaning? Isn’t the problem rather to try to decide the practices of freedom through which we could determine what is sexual pleasure and what are our erotic, loving, passionate relationships with others?⁸⁰.

What Foucault appears to be «distrustful» of is, apparently, a particular kind of “essentialism” in respect to human nature which may be drawn from his analyses of the several forms of power; he is indeed sceptical about an interpretation of a deceiving device as a product of a “false consciousness” in opposition to a “true” one. In this case, his basic ethical purposes would not be so distant from Rorty’s, at least in as much as both of them read a “dominant” and “deceiving” vocabulary to be such only in the sense of “non-suitable” - although it may seem - to aim at assessing the benefits of our decisions on our being. According to them, therefore, there is no alienated nature to be set free but, rather, a relentless commitment to formulate different vocabularies – and practices - through which we can better determine our «relationship with others».

For these reasons, according to Rorty, we have the necessity to understand what historical-political practices of our time are pragmatically more suitable which were under-rated or disapproved by Foucault’s «attempt to be an ironist»⁸¹. Hence, too, the need to elucidate the relationship which exists between those practices and institutions – favoured by Rorty in their very being as historically developed cultural tools following the rise of *historically determinate* needs – and the possibility of hoping for what Rorty himself keeps calling a liberal “utopia”.

4- Rorty and the legitimacy of the authority

The legitimacy of such a need is backed – as well as by the looming prospect of the undecidability of the ironist’s position I talked of – by the presence of some passages, within Rorty’s texts, where the American philosopher appears to soften his usual pragmatist optimism in regard to a linear «moral progress» inherent to the liberal community. It is a perception of uncertainty which is tied, above all, to a question which con-

⁸⁰ Ibid, P. 113-114.

⁸¹ Rorty 1989, P. 65.

cerns the public entity or the authority which may or *should* take public decisions; which concerns the *legitimacy* of such authority and of its taking suitable decisions. Within these passages, philosophy itself seems to play the ambiguous role of an institution which is acknowledged by the pragmatist as being allowed to teach us the most legitimate technique to confer legitimacy – through its preventing us from giving unfair legitimacy to institutions which claim to represent some humane “nature” whilst actually being mere techniques to deal with reality - ; but it is, at a second glance, recognised in its being itself a mere device, lacking sufficient *authority* to take suitable political decisions. This is coherent with what I quoted earlier about Rorty’s refusal to grant the philosopher’s reflection the status of being “more fundamental”⁸².

First of all, it is important to point out that, for Rorty, a very significant “moral” *progress* has been made, throughout the recent history of humanity, in shifting the classical question about human nature toward a conception of human being a set of techniques, of devices adapting themselves according to the environment in which they are. Thus, there is now «a growing willingness to neglect the question “What is our nature?” and to substitute the question “What can we make of ourselves?”. [...] We are coming to think of ourselves as the flexible, protean, self-shaping animal rather than as the rational animal or the cruel animal»⁸³. In this respect, it is meaningful to note that «*one of the shapes* we have recently assumed is that of a human rights culture»⁸⁴, for there are two ways to interpret it. The first way would still carry a symptom of representationalism, in reading human rights as a normativity originating from a stable human feature, like “rationality”. In respect to such a view, obviously, Rorty «has invariably been negative and dismissive»⁸⁵. For, if one connects the conditions whereby a certain right or dignity is justifiable to the quality of certain features and behaviours, this latter becomes – to use an expression of Foucault – a «site of veridiction»⁸⁶ of the legitimacy of attributing to a certain human being a “human” identity; a site *which can be “arbitrarily” transformed and altered* according to the environments and the needs it comes across.

Moving to a closer analysis of Rorty’s specific observations about the modalities and the implications of the use of a pragmatist’s language, we can see that Rorty quotes, among others, a report from Yugoslav wars by David Rieff describing the afflictions suffered by Muslim men in Bosnia. This is in order to show us that «the moral to be

⁸² See Rorty 1986, P. 87.

⁸³ Rorty 1998, P. 170-171.

⁸⁴ Ibid, P. 171, my emphasis.

⁸⁵ Geras 1995, P. 99.

⁸⁶ Foucault 2008[1978-1979], P. 32.

drawn from Rieff's stories is that Serbians murderers and rapists do not think of themselves as violating human rights. For they are not doing these things to fellow human beings, but to *Muslims*»⁸⁷. The failure of a “representationalist” conception of human rights is here apparent, for Rorty. The failure stays, precisely, in establishing as “natural” certain “cultural” and somatic devices in human beings; according to Rorty what we should do, while thinking about our human community is, rather, the opposite, namely, to think of any human characteristic as a “technical” device.

For a second way to read the appeal to human rights, instead, brings notion like “rationality”, “intelligence” and “nature”, to which they resort, back to their technical and pragmatic function of consisting in devices developed within contexts of forces in order to achieve the greatest possible agreement. Here, philosophy turns out to be a mere «question of efficiency»⁸⁸, «one of the *techniques* for reweaving our vocabulary of moral deliberation in order to accommodate new beliefs»⁸⁹, a technique for continuing the «unprecedented acceleration in the rate of moral progress» which has followed «the nineteenth and twentieth centuries’ increase in wealth, literacy and leisure among Americans and Europeans»⁹⁰.

But it is at this level of Rorty's reflection that the whole ambiguity inherent to the function, the validity and the ethical efficacy of the neo-pragmatist's philosophical reflection stands out.

Consistently with his non-representationalist approach to rationality, in fact, Rorty declares that «the appropriate intellectual background to political deliberation is historical narrative rather than philosophical or quasi-philosophical theory».⁹¹ “Historical narrative” is intended as a certain vocabulary, a certain “privileged language” which draws its justification not from an “external” authority but from its own telling of a story, from its talking about some “reasons” and models of intelligence which work well and coherently as shared devices within an environment.

What represents an “external” authority, a privileged logos, «something that has a purpose on its own» for an «ideal» and «utopian» attitude like that of the liberal-ironist's, for any *implementation* of the neo-pragmatist's ideal represents its very condition of existence and functioning. For the refusal, by the neo-pragmatist *philosopher*, to assume

⁸⁷ Rorty 1998, P. 167.

⁸⁸ Ibid, P. 172.

⁸⁹ Rorty 1989, P.196, my emphasis.

⁹⁰ Rorty 1998, P. 175.

⁹¹ Rorty 1999, P. 231.

the authority to choose a certain logos a priori *is coincident with* the authority - which the philosopher attributes to himself – to *choose the authority* one can rely upon. To choose the economic, political, normative authority the citizen can *trust* in order to hope in a wealthier future. The question which turns up could be, at this point, whether these two functions – to assume the authority and to choose an authority – are really distinct. Is the act of assessing the reason of an authority different from assuming the authority to assess and rule a human environment? Is it not always a matter of trusting the authority – the legitimacy, the effectiveness – of one’s own privileged language in order to implement an economic, political, and normative logos? Is there a real difference when the issue is to put one’s faith in an authority and in its “veracity”?

One can consider these questions as naturally arising from the dilemma of the ironist’s ontological undecidability. And the response which is most likely to be given them seems to retrace the theoretical short circuit which makes Rorty feel he is allowed to be «still devoted to the utopian social hope»⁹² typical of Western liberal societies and to disapprove of those who, like Foucault, do not feel this way.

Such attempts to dismiss oneself from an assumption of authority and the simultaneous inevitability of acting like an authority seem to explain the passages in which Rorty states that «social and political philosophy usually has been, and always ought to be, parasitic on such narratives».⁹³ They explain those in which he invokes the research for a certain capacity of decision which would be external in respect to the neo-pragmatist’s or the “general” philosopher’s ideal role and conception of human. And this despite the fact that the major authors who recall or were influenced by what one can define as the most shared “historical narratives” of modern political thought – (including the «post-French Revolution events» which, according to Rorty, have brought us an amazing increase of wealth and moral progress) – held positions based on models of rationality and devices which, according to Rorty, assume the functioning of some “human nature”. As Rorty says:

Hobbes's and Locke's accounts of the state were parasitic on different accounts of recent English history. Marx's philosophy was parasitic on his narrative of the rise of the bourgeoisie and his forecast of a successful proletarian revolution. Dewey's social theory was, and Rawls's political theory is, parasitic on different accounts of the recent history of the United States. All these philosophers formu-

⁹² Ibid, P. 238.

⁹³ Ibid.

lated their taxonomies of social phenomena, and designed the conceptual tools they used to criticize existing institutions, by reference to a story about what had happened and what we might reasonably hope could happen in the future⁹⁴.

What I am going to question, throughout the next paragraphs, is not so much whether Rorty's point of view is legitimately allowed to speak of these philosophers as paving the way for a "pragmatist" efficient culture; it is – rather - whether we would be allowed to separate the *possibility* of the rise of intellectual and political positions – and «historical narratives» - like these from a certain consideration of human and world *nature*. All these thinkers wrote about certain historically situated events and "public reasons" and drew from them a certain legitimacy for their authority in defining a set of devices so "efficacious" and "agreeable" – according to them – that they ended up identifying it with human "nature". It is this very authority which the figure of the neo-pragmatist philosopher lacks, looks for and yearns to find in order to go ahead with their political deliberations. This is also because «when it comes to political deliberation, philosophy is a good servant but a bad master», since there is the danger that it might establish its decisions not on historical narratives but on representationalist theories⁹⁵.

Let us read, now, the excerpts about the necessity, manifested by Rorty, of such an "external" authority which I have been referring to. In the essay *Globalization, the Politics of Identity and Social Hope* the first topic of the title is tackled after Rorty's very affirmation about philosophy being a "bad master": «I shall come back to the topic of the role of philosophy later. But now let me try to say something about globalization». The whole description of this latter phenomenon, within the two pages which focus on it, is oriented toward the necessity of creating, choosing or resorting to a global authority, the necessity of trusting and having confidence in the "language" of such authority, a language which should be as shared as possible among a human community:

I suspect that the most socially useful thing we can do is to continually draw the attention of the educated publics of our respective countries to the need for a global polity, which can develop some sort of countervailing power to that of the super-rich. [We should] remind our fellow citizens that only global political institutions can offset the power of all that marvellously liquid and mobile capital⁹⁶.

⁹⁴ Ibid, Pp. 231-232.

⁹⁵ See *ibid*, P. 232.

⁹⁶ *Ibid*, P. 234.

The project of such a global authority draws its sense and its necessity of implementation from its situatedness and inscription in a context of given authorities, dominant authorities which arouse specific needs, desires, personalities and *intentions* within humanity. Once the causes and the *reasons* which lead to the ascension of an authority are contingently and holistically determined, as a “reaction” and an adjustment to the environment, as a consideration about what would be «the best way to act» given the connotations of a context, there is no criterion, Rorty would say, for distinguishing “transcendental” reasons from “pragmatic” and “technological” ones. The “nature” of the global authority Rorty talks about would be completely coincident with its being a reaction and an adjustment to the “overwhelming” forces of its context.

In effect, the presence and the “corruption” of these «beyond the control of the laws of those state»⁹⁷ authorities is even described by Rorty as “the central fact of globalization”:

We now have a global overclass which makes all the major economic decisions; and makes them in entire independence of the legislatures, and *a fortiori* of the will of the voters, of any given country. The money accumulated by this overclass is as easily used for illegal purposes, such as supplying land mines to the latest entrepreneurial warlord or financing gangster takeovers of trade unions, as it is for legal ones. The absence of a global polity means that the super-rich can operate without any thought of any interests save their own⁹⁸.

Rorty’s text, whose aim is not to give an accurate historic outlook but, rather, to draft the typology of “actors” playing the scene upon which the ideal pragmatist thinker has to operate, underlines these dynamics among different authorities and hints at a problem of *legitimateness* as influencing and strictly correlated to the question of the general suitability and efficiency of such actions by authorities:

It used to be the case that the nation laws could control, to an important and socially useful extent, the movement of that nation money. But now [...] the financing of business enterprise is a matter of drawing upon a global pool of capital [...]I admit that the chance of revitalizing the United Nations [...] is slim [...]My own country is too poor and too nervous to serve as a global policeman, but the need for such a policeman is going to become ever greater as more and more

⁹⁷ Ibid.

⁹⁸ Ibid.

warlords gain access to nuclear arms. No country can ask its own plutocrats to defend its interests, for any hard-nosed plutocrat will see economic nationalism as economically inefficient⁹⁹.

What Rorty recalls here is a strict connection between a relocation of *legitimateness* and a diffusion of a certain modality of obtaining credit and satisfaction from a “power”. There is, on one side, the development of a web of “beliefs”, of a pragmatic set of devices like, for instance, the one we can call «financialization of world economy»¹⁰⁰ with its constitutive elements such as «speculative and excessively liquid financial flows that create debt-laden balance sheets, overly short-term perspectives, volatility and mispricing of important asset prices, including exchange rates, and subsequent misallocation of resources and unstable economic growth»¹⁰¹. And there needs to be, on the other side, the process of *legitimateness* of these devices, granted by the public or by the governments; a legitimacy which implies a certain identification of these devices with some *right* to act, drawn from some assessments of human and world features. Be this right defined with the purpose to impose a more suitable language on human community or with the purpose to merely acknowledge the “natural” rights of some human nature, “unsuitable” elements such as the ones I quoted above – as «constitutive elements» of that pragmatic set of devices - are, inevitably, read as the result of the incapacity of certain contexts to adapt themselves to the new system of forces functioning. In any case, a certain kind of *authority*, shaped by a certain typology of legitimacy, seems to be inevitably implicit in the diffusion of a set of devices.

The problem of attributing a real “authority” to private economic powers such as the ones quoted by Rorty, though, seems to clash with the definition of the issue given by some analysts. What these kinds of powers may elude, in effect, is a concept of legitimacy as conferred by a public institution. As Hall and Biersteker point out:

While power and authority are closely related, authority is used here to refer to institutionalized forms or expressions of power. What differentiates authority

⁹⁹ Ibid, Pp. 233-234

¹⁰⁰ Among the definitions of this phenomenon we find that, as Epstein explains, « some writers use the term ‘financialization’ to mean the ascendancy of ‘shareholder value’ as a mode of corporate governance; some use it to refer to the growing dominance of capital market financial systems over bank-based financial systems; some follow Hilferding’s lead and use the term ‘financialization’ to refer to the increasing political and economic power of a particular class grouping: the rentier class; for some financialization represents the explosion of financial trading with a myriad of new financial instruments; finally, for Krippner [...], the term refers to a ‘pattern of accumulation in which profit making occurs increasingly through financial channels rather than through trade and commodity production’ (Krippner 2004: 14)» (Epstein 2005, P. 3).

¹⁰¹ Ibid, P.12.

from power is the legitimacy of claims of authority. [...]Having legitimacy implies that there is some form of normative, uncoerced consent or recognition of authority on the part of the regulated or governed, “the normative belief by an actor that a rule of institution ought to be obeyed”¹⁰².

But to accept such description would betray the very authority one has to recognize in the neo-pragmatist vocabulary in order to rightly draw conclusions from Rorty’s references. According to this vocabulary, in fact, we are not allowed to draw any difference – whether in terms of ontological “naturalness” or in terms of potential utility – between the features of an “officially recognized” institution and the other typologies. Hence, the necessity to have recourse to a broader concept of “authority”, whose articulation enlarges definitions like the following one so much as to make them structural for an illustration of the assumption of a certain privileged language within a context:

In what sense, however, do any of these private actors possess authority? [...]to have authority, actors must be perceived as legitimate. In order to claim any rights of legitimacy, actors in authority must obtain some form of *obligation* from those subject to their authority. As Claire Cutler argues[...], there must be an obligatory acceptance of the legitimacy of as well as respect for an authority “as a specialist, a scholar, or an *expert*”. Authority thus requires both the recognition by, and the consent of, those governed by that authority¹⁰³.

In order to take into account the ontological equivalence of human vocabularies, typical of Rorty’s approach, I articulate in the following way the relation of the concept of “authority” with his words which I recalled: globalization is a phenomenon whereby specific powers, by taking over the «laws of the state», seem to have carried out the substitution of the *faith* in the state authority, as supplying a privileged and legitimate language, for the faith in a different model of rationality. A model whereby, for instance, the best way to fulfil our desire and our role within the world is to be situated and inscribed in a context of believers in the authority of the state and to have the intention to impose on *them* – namely, on the whole context they “are” and contribute to shape – our kind of language and to make them adapt themselves. The possibility and the opportunity to take an economic and political stand seems to be backed up by the necessity of giving *credit* to one’s authority toward another authority; by the necessity

¹⁰² Biersteker and Hall 2002, Pp. 4-5.

¹⁰³ Ibid, P. 204, my emphasis.

of gaining the faith that the use of one's privileged language is a better way «to fulfil our desire and our role within the world».

To interpret the choice of a “privileged language” as something involving “authorities” means reading such choices as a matter of “imposing” one's intentions – including therefore *wills*, *desires* and *fears* – and as a matter of imposing them in a precise context. Understood in the latter way, the process of development and imposition of an authority as assuming a certain intention – in a broad sense – towards the world makes notions like “assumption of an authentic human nature”, “mere practice of power” and “construction of historical narratives” impossible to keep separated. Their process of *legitimateness*, in fact, as a condition of their rise itself, will always include a concession of *credit* by which the wills, desires and fears forming their intentions are assessed as fruits of an authority which is «a specialist, a scholar, or an expert» in the assessment of reality; an expert, therefore, in grabbing certain *authentic* characteristics of reality. Even a pure imposition of power or a historical narrative, in short, gain their sense only from their resulting to be the most suitable things to do given an evaluation of the “real” characteristic of our world.

5 – Progress and dissemination: random authorities

Are we allowed to draw an ontological or pragmatic distinction between the several kinds of practices leading to the process of legitimacy and concession of credit to authorities which recall some “natural laws” intrinsic to human beings, an “establishment of a dominant power” or a “construction of a contingent vocabulary”? To what extent has the liberalism era praised by Rorty produced practices and technologies of education, empirical observation, economic assessment which would intrinsically assure a smaller possibility of causing harm?

This latter question can play a part as an essential issue concerning the “ethical ideal” and direction which seem to be inherent to an anti-representationalist polemic. In fact, if Rorty's evaluation is “empirical”, based on contingent and apparent “facts” and it is not “transcendental” – namely based on tracing general attitudes which would manifest an a priori more suitable approach – what is the reason for the need of labelling certain “models” – such as “Dewey's” American pluralism and Western democracies – as “more advanced”? For if an evaluation is “empirical” and based on pragmatic occur-

rences it should not – paradoxically – indicate some typologies of events as manifesting a “more pragmatic” or “less transcendental” spirit. It should, rather, take into account the purely contingent rise of certain technologies and practices, their gaining a legitimacy and an authority because of the fact that the wills, desires, fears and intentions they express contingently appear to match a more authentic assessment of human life and, above all, it should recognise the merely random, accidental occurrence of their producing benefits within a community. Such evaluation should recognise, in other words, that the intentions typical of an authority obtain their legitimacy from the conflict with the intentions of other authorities and from the support of still other contingent intentions. Any authentic view of human life they impose, therefore, cannot prevent itself from being an expression of power de-contextualizing itself throughout the singularity of any holistically structured event - it cannot escape the risk of being fatally “misunderstood” by the public which gives it credit. The *random* dissemination of authority intentions always carries the possibility of giving rise to what we would call forms of “domination” or of “privileged language which does not match the effective needs of the community”; it prevents us from having the possibility of talking about any kind “progress” being made apart from the chance happening of suitable contexts of forces.

Once we accept such a mere non-transcendentalist view of human history and human authorities, we should also consider that in any human environment something which Hall and Biersteker describe in the following way may happen:

Democracy has already been subverted by the partial or complete collapse of the public authority of weak sovereign entities. Illicit (private) authority steps in to provide public goods and to meet needs and responsibilities that the sovereign (public) authority has neglected or eschewed. To the extent that mafias and mercenaries are visible and successful in providing these public goods, they may enjoy the partial, popular legitimation of their exercise of private authority. However, it is difficult to see how these outcomes may be described as democratic or accountable (beyond the basic provision of public goods)¹⁰⁴.

The problem which Rorty cannot evade, as soon as he talks about the opportunity of political decisions, can be, in the end, articulated into two main factors: firstly, because of his essential need to distinguish a very non-representationalist approach from any

¹⁰⁴ Ibid, P. 213.

language which privileges a “more natural” model of rationality Rorty cannot give, not even potentially, the same authority to act like an “ironist” to any political system. For him it is necessary, in fact, to indicate a culture, a political attitude in which «some progress has been made», even if this latter concept is at odds with a rigorous non-teleological view of human rationality.

Secondly, because of the same need of distinction, Rorty seems to recognize that a neo-pragmatist philosopher needs to look for some *normativity* which is, as such, “external” to his own expertise¹⁰⁵, different from an “a priori” philosophical account of a preferable language. But at the same time he cannot help but hint at processes of legitimacy and creation of authorities which can in no way be different from the ones recalled by Foucault. He insinuates the lack and the necessity of an «economic planner» and of some norms which can give us «a clear sense of how state power *should* be related to economic decisions»¹⁰⁶. Any building or acceptance of such norms presupposes, however, «coercive *practices* and subtle *techniques* by which people are subjected and subject themselves to discipline; practices and techniques that, in Foucault’s view, have been closely linked to the development of the human and social sciences»¹⁰⁷.

I can summarize these two factors by picturing Rorty’s basic presupposition in regard to the figure of authority. This presupposition concerns the capacity to distinguish between authoritarian techniques and situations where cultural development mostly involves techniques of social organizations and technologies which do not find the justification

¹⁰⁵ «Although I think that historical narrative and utopian speculation are the best sort of background for political deliberation, I have no special expertise at constructing such narratives and speculations» (Rorty 1999, P. 232).

¹⁰⁶ Rorty 1998, P. 235, Rorty’s emphasis: «I agree with Habermas when he goes on to say that “non-communist” left has no reason to be depressed and that there is no reason to abandon hope for “the emancipation of human being from willed immaturity and from degrading conditions of existence. But I have no clear sense of what mechanisms might realize that hope. For example, when Alan Ryan says that “it is impossible to believe that we should give up on the hope that broad-brush planning reduces waste and at any rate diminishes the irrationalities of production and distribution”, I would very much like to agree with him. But I feel no assurance. I no longer think I have much grasp of what options remain open to economic planners, nor of what can and cannot be safely turned over to the state. I detest the complacent satisfaction that admirers of Reagan and Thatcher have taken in the downfall of Marxism, and I am terrified by the tendency, among intellectuals in recently liberated Central European countries, to assume that free markets solve all social problems. But these reactions are not enough to give me any clear sense of how state power *should* be related to economic decisions. I do not think I am alone in this, and I refer to my own perplexity merely as an instance of what seems to me widespread bewilderment among leftist intellectuals. We have no reason to be depressed, but we also have little sense of how to make ourselves useful».

¹⁰⁷ Kumar 2005, P. 2.

of their validity in certain evaluations of human nature, regularities, preferable characteristics, or knowledge-of-the-world.

By relentlessly affirming that «capitalism and free market are, as far as we know, the most suitable systems of our time»¹⁰⁸ and by relating statements like this to the institutional “development” which has occurred throughout the last two centuries Rorty is envisaging, therefore, the existence of an attitude which is capable of intrinsically distinguishing “more authoritarian” techniques from “less authoritarian” ones. The liberal-ironist would embody a general attitude which is capable of distinguishing more authoritarian, “dogmatic” and “based-on-a-system-of-knowledge-which-would-reflect-an-authentic-human-rationality” authorities from “more liberal” ones. With this attitude in mind, an implicit reliance on a *hope* which will be carried by an *ideal* figure is easily theorized within Rorty’s philosophy. This hope and ideal figure would be, moreover, boosted by the actual good-working of societies which appear to have been supported by a similar attitude.

The difficulty arises when one becomes aware of the necessity to establish a system of knowledge and to disseminate intentions in order to create and implement any “useful” technique and technology; when one becomes aware that the very conditions of the formation and legitimacy of authorities is, inevitably, the establishment of a certain knowledge-of-the-world conveying a specific authenticity of human beings. Any of our attempts to imagine a liberal society merely based on *freedom* and *solidarity* collides with the fact that we will have, in any case, to *disseminate* our intention within a context where the evaluation of the convenience of such a freedom and the choice of the suitable and righteous techniques to reach such a solidarity will always be dependent on some conception of legitimacy of a discourse: on a contingent, random and always conditioned by (random) interests conception of legitimacy. To this extent, the ethical relevance of Foucault’s remarks on the neo-pragmatist’s intellectual stance for tackling this *dissemination of legitimacy* is very significant. Let me quote, for instance, a passage from *The Birth of Biopolitics* in which Foucault underlines the reference to a *truth* which is implied in the interpretation of the market in a liberal contemporary state and which seems to have substituted the function of the classical “*raison d’État*”:

The importance of economic theory—I mean the theory constructed in the discourse of the *économistes* and formed in their brains—the importance of the theory of the price-value relationship is due precisely to the fact that it enables eco-

¹⁰⁸ See Rorty 1998, P. 239.

conomic theory to pick out something that will become fundamental: that the market must be that which reveals something like a truth. This does not mean that prices are, in the strict sense, true [...] but inasmuch as prices are determined in accordance with the natural mechanisms of the market they constitute a standard of truth which enables us to discern which governmental practices are correct and which are erroneous [...] inasmuch as it enables production, need, supply, demand, value, and price, etcetera, to be linked together through exchange, the market constitutes a site of veridiction, I mean a site of verification-falsification for governmental practice¹⁰⁹.

The ethical attitude which is likely to be supported by a similar analysis would take into account the deleterious effects which may derive from a system of technologies and devices implemented by a multitude of changing intentions and interests. A situation where free market dominates can be in fact characterized by desires, fears and needs dependent on an unequal distribution of economic potentialities and interests – and, yet, legitimated as an authority by the intentions and the interests typical of *single* de-contextualizing junctures. A situation of “liberal solidarity” could not help but be absorbed in – and, maybe, coincide with – socio-economical contingences like this, whose condition of functioning is a certain de-contextualizing perception of truth and “naturalness”.

Once the “structurality” and ubiquity of such conditions is acknowledged, the issue turns out to be in no way a distinction between a “more liberal” and “pragmatic” authority and a “metaphysical” one, which would impart to us a «false consciousness» about human nature – in a Marxist sense. The issue becomes, rather, to recognise that, if an improving of human life quality has been generated within our culture, this was due to aimless and random circumstances forming the whole context of the *events* we are in. In this sense, would it not be more effective to consider making our decisions through a Foucauldian stance? A stance whereby there is no progress, hope or “liberalism” to go along with, but only decisions to be made by means of «modifications of the rules of formation of statements which are accepted as scientifically true»¹¹⁰?

Would it not be more provident and suitable to accept the assumption that Rorty attributes to Foucault whereby «unless there is some interesting connection between what matters most to an individual and her purported moral obligations to our fellow human

¹⁰⁹ Foucault 1998, P. 32.

¹¹⁰ Foucault 1980, P.112.

beings, she has no such obligations»¹¹¹? Even if, in this case, Foucault’s question would need to be specified in the following way: there is no connection between any Western, liberal, non-representationalist attitude and specific purported moral obligations – and, I would add, outcomes – in an authority’s intention to her human beings. Therefore, perhaps we would be better to follow Foucault’s belief that «one’s point of reference should not be to the great model of language and signs, but to that of war and battle». It would be more appropriate for us to consider that «the history which bears and determines us has the form of a war rather than that of language.[That it is] a relations of power, not relations of meaning»¹¹², rather than relying on the liberal-ironist ability to pursue and improve «“rationality”, “progress”, “freedom”, “democracy”, “culture”»¹¹³.

And yet, all this would still not be entirely fair to Rorty’s purposes. So far I have pictured the theoretical and pragmatic *aporia* the figure of the liberal-ironist comes across because of the basic dissemination of the authorities’ intentions she needs to address in order to give up her own “philosophical” authority. But does this coincide with an honest pragmatic evaluation? Has the neo-pragmatist theoretical meta-authority really been respected? Is it possible that Richard Rorty was not aware of that *aporia*, to the point that he omitted to include it in his assessment of a really pragmatic attitude? For in effect, given the ubiquity of this *aporia*, does the act of taking it into account really enlarge our prospect of not producing or supporting potentially harmful discourses?

I stated that maybe «it would be more provident and suitable to accept the assumption that Rorty attributes to Foucault» and that «perhaps we would look after us better by following Foucault’s belief». But how can such being “more provident” and such abiding by Foucault’s conception of power really escape or diminish a recourse to a similar “system of authorities” and avoid falling back into a sort of idealization like the liberal ironist’s *hope*? We might, for instance, be inspired by Foucault’s «illuminating a time in Western culture in which one had the ability to create not only one’s self, but one’s world» and when self was understood as «malleable, fashionable, as a canvas, as a project, [so that] by altering this self, one could form a world which was true and other than what was prior, a world that was no longer “counterfeit,” conforming, standard, or within the confines of social and cultural limitations»¹¹⁴. But, in such a case, can we

¹¹¹ Rorty 1991, P. 196.

¹¹² Foucault 1980, P. 114.

¹¹³ Rorty 1986, P. 206.

¹¹⁴ Menihan 2012, P.14.

admit that such a *care* will not be apparently functioning within a logic of contingent legitimacy of behaviours and intentions?

In more general terms, I can advocate Rorty's disapproval of Foucault's language by posing the (pragmatic) questions which follow:

Given the very inevitability of the relentless de-contextualization of the legitimacy of an authority and its being a different *event* each time, does not an excessive focus on identifying – and dispelling - the practices which would not take into account such a dissemination carry the risk, in turn, of privileging a certain typology of practices which, however, would not be immune to that aporia and *undecidability*? Does not a similar attitude inevitably propose an *essence* of language and – through its knowing such an essence - suppose an ability to make decisions which will not be, alas, more *unconditioned* by a contingent system of values and by a relentless re-forming of their own sense? Can a «decision in the singularity of the event» really be single and “isolated” from a certain *norm* - even in the case that such a norm is not accepted by common sense but “only” shaped by a “general” context? At this point, given this further paradox, why not to give up this whole question and concentrate on constructing new vocabularies, as Rorty would say?

6 – Rorty's Derrida and the method of deconstruction

In effect, the danger of institutionalizing and of giving a name to such a practice of dealing with this *dissemination* through a privileged language is explicitly the target of Rorty's polemic against the method and the terminology of Jacques Derrida. The pages in which Rorty debates against the French philosopher's «quasi-transcendentalism» are, indeed, emblematic in their outlining the “structural” criticism which the neo-pragmatist moves against thinkers like Foucault, whose aim seems to be mostly to question the legitimacy and the being innocuous of any language, rather than creating a new one.

What Rorty denounces throughout his essays on Foucault might be named as a meta-physical nostalgia for the possibility of grasping an unconditioned human nature in or-

der to formulate one's ethical commitments. But the same criticism toward an approach which reads the hope of a complete success of human intentions as undermined *a priori* gains a deeper connotation throughout Rorty's essays on Derrida. It acquires the characteristic of a negative judgment of a *hypostatization of a method*. Such a hypostatization would have paradoxically corrupted Derrida's concerns about «the system of “hearing (understanding) -oneself-speak” through the phonic substance—which *presents itself* as the non-exterior, non-mundane, therefore non-empirical or non-contingent signifier».¹¹⁵ Derrida would have hypostatized a method and altered the good effects of his worry about the belief in a structural, present *meaning* in which the empirical and historical dissemination and alteration would only be accidents, exterior to the natural and logical functioning and *telos* or empirical manifestations of these latter.

Rorty explains the mechanism of this hypostatization to us, in a way that makes the metaphysical nostalgia diagnosed in Foucault appears to be only one of its symptoms.

Although he recognizes that it is Derrida's own textual practice which «shares Heidegger's contempt for the very idea of method»¹¹⁶ Rorty, nevertheless, insists in pointing out the particular kind of “philosophical generalization” which ideas such as *trace* and critique of *logocentrism* can bear¹¹⁷. According to Derrida, in effect, the relentless “original” contamination and de-contextualization of structures as universalities and identities would prevent any effective and legitimate construction of a «method». The very idea of “method”, in fact, would rely on presuppositions – such as the capacity to uncover a certain dialectic, a regularity or a manifestation of a basic *meaning* of a text or of its teleological structure – which can be connected to belief in a meaning which is ideally-teleologically present and identical to itself. But «the living present springs forth out of its non-identity with itself and from the possibility of a retentional trace. It is al-

¹¹⁵ Derrida 1974, P. 8.

¹¹⁶ Rorty 1991, P. 84.

¹¹⁷ According to Derrida, the whole Western tradition has been based on the disregard for the fact that the inscription of a meaning in relentlessly changing contexts – the “total sense” of which may be different – makes a certain “rationality” and “meaning” different throughout each event; the concept of “rationality”, therefore, has been conceived as the expression of some authentic sense of *reason*, a *logos*, a structure which constitutes the centre of interpretation and whose deformations and losses would only be accidents (see Derrida 1974, I). A criticism of such a pervasive *logocentrism* would show how all theoretical terms which presuppose it «deconstruct» themselves, that is to say that they ineluctably disperse and indefinitely multiply their sense throughout the single events. In this way, any historical, contingent meaning cannot claim to refer to and to be a trace of a previous – or a future – proper, authentic and present meaning but only to refer to other contingent and random *traces*, indefinitely. This radical criticism to any «transcendental logos» is expressed in its paradoxical description of a «transcendental structure» as «quasi-transcendentalism» (see Derrida 1982), which recalls the “structurality” of the dispersion of any structure.

ways already a trace»¹¹⁸. Namely, the ideal, teleological or historically “circular” meaning is always a result of relentless references to different changing contexts, without the possibility of a regulatory centre. The practice of a “method”, as a procedure of “validity” and “legitimacy”, as a practice of a specific “law” «is not only deconstructible because of its textuality» - namely, because of how its sense changes at each event of inscription within a different context - «but also because the very notion of law is based upon the differential between the legal and the non-legal, and between the legal and the illegal»¹¹⁹. This differential, as a movement of foundation of such a law is, according to Derrida, anything but the product of a legality internal to a text which merely refers to the legality internal to other texts and other texts ‘before’ these latter. This ineluctable play of differences makes law the «ultimate foundation by definition unfounded»¹²⁰. In a Derridean conception, therefore, a method and a law «are systems of limits and differences which, like any textual phenomenon (i.e. any *significant or signifying* phenomenon), are inaugurated by a law which ensures the impurity and aporetic nature of all law, all texts, all classification»¹²¹.

But at the same time in which Derrida’s writing seems to strongly question the recourse to a certain generality implicit in any method or order – since the “stable” meaning supposed by such a generality would always be the result of its disappearance and reactivation within another *event* through a simulacrum¹²² - it is his very “obsession” for the ubiquity of the «dissemination» and for the metaphysical illusion of the simple presence which makes him attribute to certain authors a typology of language and purpose which they did not mean to pursue.

The strong accent which Derrida puts on the «impossibility of a closed language» would lead him to assess the pragmatic outcomes of a thought only by taking into account its willingness to propose a “simple-present” meaning; the French philosopher, therefore, ends up propounding «some generalization of the form "the attempt to formulate a unique, total, closed vocabulary will necessarily..."»¹²³. But the occurrences of suitability or harmfulness of different historical vocabularies cannot be reduced, Rorty seems to argue, to the «history of metaphysics» as Derrida understands it: «Derrida talks as if this neat textbook dilemma were a real one, as if there were a terrible, oppressive force

¹¹⁸ Derrida 1973, P. 85.

¹¹⁹ Cohen 2002, P. 228.

¹²⁰ Derrida 1990, quoted in Cohen 2002, P. 228.

¹²¹ Cohen 2002, P. 228.

¹²² See J. Derrida, *Plato’s Pharmacy*, in Derrida 1981, P. 168.

¹²³ Rorty 1991, P. 92.

called "the metaphysics of philosophy" or the "history of metaphysics" which is making life impossible not only for playful punsters like himself but for society as a whole. But things are just not that bad, except in special circumstances»¹²⁴. The practice of deconstruction, in this sense, by focusing on a criticism of a particular language – or aspect of language – would not do anything but “de-contextualize” a particular pragmatic problem and make it stand for a *general methodology*; the general attitude coming from that, therefore, would not necessarily match the cultural needs and desires the creation of a new language should be committed to. As Rorty states:

In my view, the only thing that can displace an intellectual world is another intellectual world — a new alternative, rather than an argument against an old alternative. The idea that there is some neutral ground on which to mount an argument against something as big as "logocentrism" strikes me as one more logocentric hallucination. I do not think that demonstrations of "internal incoherence" or of "presuppositional relationships" ever do much to disabuse us of bad old ideas or institutions¹²⁵.

To argue «against an old alternative» is, for Rorty, the basic move of Derrida's project which - to recall my previous illustration of the problem - “given the very inevitability of the relentless de-contextualization of the authority legitimacy and its being a different *event* each time, grants an excessive importance to identifying – and dispelling - the practices which would not take into account the dissemination of the *meaning* – the «old alternatives» - and carries the risk, in turn, of privileging a certain typology of practices – a «neutral ground» - ” which, however, would not be immune to being aporetic and undecidable in their effectiveness. Concerned with the “pragmatic inappropriateness” of Derrida's notions, Rorty reminds us, for instance – in a note of *Essays on Heidegger and Other Philosophical Papers* - , of the deconstructive approach to the debate on *speech acts*:

Derrida was overhasty in picking J. L. Austin as an example of someone who accepted the traditional idea of meaning being communicated "within a homogeneous element across which the unity and integrity of meaning is not affected in an essential way [...]When he comes to Austin, he blithely attributes to him all sorts of traditional motives and attitudes which Austin prided himself on having

¹²⁴ Ibid, P. 99.

¹²⁵ Ibid, P. 120.

avoided. John Searle's criticism of Derrida on this point seems to me largely right¹²⁶.

Derrida, in analysing an intellectual project through “pragmatic” criteria of another intellectual project, would «miss the point» of the former practical implications and potentialities within its cultural environment. For it is highly likely, as Searle observes, that Austin’s plan to list and examine all kinds of speech acts responded to needs – such as necessities to clarify social or logic implications of certain typologies of language – which would have been typical of his cultural context and cannot be reduced to remarks on the ethical repercussions of the “prejudice of metaphysical presence”. Rorty, therefore, would agree with Searle that «if Austin distinguishes between a serious or normal linguistic act and parasitic linguistic act, this is only for necessities of methodological kinds, without any ethical implication and without assuming any metaphysical position»¹²⁷.

To merely interpret language as always about to fall into the metaphysical illusion of «simple presence» would be, therefore, the mark of the generalization of Derrida’s philosophical “method”. From this theoretical point of view it is not hard to deduce that even what Rorty considers as Foucault’s «anarchist moments» and his being «a knight of autonomy» can be read as a «nostalgia for metaphysical values», according to the American philosopher, only if we consider this feeling as a corollary of a specific interpretative methodology. Such a methodology would identify as sole criterion of analysis of human relations the widespread modalities and instruments by which they are shaped as expressions of power, «doing nothing to show – though - that there is something wrong with whatever networks of power are required to shape people into individuals with a sense of moral responsibility»¹²⁸. In this way Foucault’s commitment would put aside a concrete, pragmatic evaluation of the suitability of “historical narratives” in favour of an examination of “formal” entities such as «strategies and techniques of social control and, to a lesser extent, strategies and techniques of resistance»¹²⁹. It would be because of this that, according to Rorty, Foucault «was exceptionally good at unmasking the “bad power,” but he was quite bad at helping the “good one” flourish»¹³⁰.

¹²⁶ Ibid, P. 85.

¹²⁷ Vergani 2000, Milano, P.179, my translation; for Derrida-Searle debate see Derrida1977.

¹²⁸ Rorty 1991, P. 196.

¹²⁹ Kumar 2005, P. 43.

¹³⁰ Malecki 2011, P. 110.

What would Foucault's general attitude coincide with, in fact, if not with an «arguing against old alternatives»? Namely, against certain strategies and structures «the relentless “original” contamination and de-contextualization of which would prevent any effective and legitimate construction of a “method”» to make the study of them relevant for the present situation. This attitude would highlight, in effect, certain “privileged languages of resistances” against dominant powers, languages which would be arranged through an investigation of vocabularies which have always been de-contextualized. Moreover, to prevalently use the parameter of outlining «coercive social practices» and of reading their existence merely in relation to the creation of political hierarchies would lead to “concealing” an interpretation of specific practice as «responding to needs which have been typical of their cultural context» with the risk, therefore, of idealizing a supposed previous more “innocent” language.

7 – Madness and the problem of pragmatist's undecidability

What I have tried to do throughout the latest parts of this chapter is «to do justice to Rorty» by dispelling the appearance of undecidability in the liberal-ironist's effectiveness— which I have theorized throughout my whole argument — by using arguments and tools faithful to the neo-pragmatist's will and intention to assess the most suitable human vocabulary within an environment. The objection represented by the observation of an inevitable recourse, by the ironist, to a de-contextualizing external authority seems to be dissipated by having noticed that the philosophical alternatives which take into account the ubiquity of the presence of a dominant external legitimacy of an authority turn out to be, in the end, potentially more harmful than Rorty's own attitude. Foucault's “inability” to dwell upon a fruitful evaluation of current historical narratives has been clarified through the comparison of his methodology with Derrida's generalization of the problem of *logocentrism*. Both Foucault's and Derrida's methods, in fact, would act like a strategy of reading texts “imposed from the outside”; that is to say, imposing external values of assessment such as the «failure to function as a simple presence and to recognize that» through which Derrida condemns most of the texts he reviews. In this latter case, as in Foucault's analysis of historical forms of domination, the result would be another “metaphysical” preference toward a supposed more authentic language which would resist better to such dominations.

This latest consideration would represent what the ironist perceives as “scaring” because of its altering or blocking her freedom of inquiry. But it also represents, within my argumentation, a last factor of *undecidability*. An undecidability which is brought about by the very reference to Derrida’s textual practice as an element of comparison and the aporetic status of this latter as a “method undermining any recourse to a certain method”. For even if one can clearly show, along with Rorty, that Derrida’s philosophical project is based on a language which ascribes a fundamental “metaphysical” structure to any analysed language, one cannot help but take into account how the idea of such an ascription *undermines itself*. This destabilizes the sense of Derrida’s project in respect to Rorty’s criticisms - and one must allow for how, perhaps, it is impossible to *decide* whether such undermining coincides with a pragmatically “positive” or “negative” outcome.

The sense of this undermining is based on the motive which leads Derrida to such an obsessive attention for the metaphysical notion of presence in any of its manifestations. It is a self-undermining implicit in the recognition – by the “deconstructive” practice – that any differentiation between method and non-method, “imposition of a structure” and deconstruction of the same is wiped out once the condition of existence of the elements forming such methods and structures is considered. The consideration of the conditions of their sense as being an *ideality* arisen from its iterations, disappearances and reactivations is not only destabilizing for the classical idea of “method” and structure, but also for any intention to write about the diffusion, the history, the modification or the implication of certain – deplorable or not – methods or structures.

In order to clarify what I have been saying, it is useful to point out that the reason why I introduced Derrida’s notions in this discussion is that the disapproval Richard Rorty makes toward them can be seen as summarizing the neo-pragmatist’s point of view. That is to say, the point of view which I have been drawing from the analysis I have made throughout this work of Rorty’s texts. Even though the use of any language and any cultural environment have to face inevitable problems of de-contextualization of sense and misunderstanding, it is always better to rely on the capacity of “non-representationalist” men to create new senses of the world rather than to establish a general sense of these de-contextualizations and misunderstandings in order to set up a privileged method-language to deal with them.

But what if Rorty’s interpretation reveals itself, in the end, to cover the concrete potentialities of a “deconstructive” sense – or, better to say, “quasi-sense” - of «dealing with

these misunderstandings»? What if Rorty's exposition of writings such as Derrida's disguises, after all, the essential condition whereby the "authority", the "external" and impossible to dominate authority of such writings is perceived as blocking the liberal-ironist's «road to inquiry»?

For if one wants to accept Rorty's view of de-constructive motions constructively as attempting to picture a certain structure of «the diffusion, the history, the modification or the implication of certain methods or structures» one has also to specify how to connect this view with the fact that, for instance, Derrida's deconstructive reading of Foucault's *History of Madness* coincides with a thorough criticism of the same attempt. An attempt which Rorty attributes to deconstruction – as implemented by a philosophical or literary discourse. A criticism which would highlight why when Derrida speaks about the notion of «writing presented as a false brother, traitor, infidel and simulacrum in opposition to the meaning always present to living consciousness»¹³¹ as «a pattern that dominates all of Western philosophy»,¹³² he cannot in any way, paradoxically, be speaking about a pattern of cultural and philosophical domination which unravels itself throughout our history. Instead, he is speaking about the basic impossibility to talk about models, patterns, historical concepts beyond their coinciding with a different singular context of privileged *reasons* and of their meanings, affairs, interests and consequences each time these "historical concepts" manifest themselves.

In regard to this, a particular concept of "break" is central in the Derridean vision. Its specificity is well expressed in the way the French philosopher reinterprets what is, for Foucault, the exclusion and the reduction to silence of the "language" of madness in the determination of the Cartesian Cogito and, above all, in the way he reinterprets its significance in respect to the history of rational structures. According to Foucault, in fact, «Descartes is an actor in modern history principally for having excluded from the perils of sceptical self-doubt the possibility of one's own madness»¹³³. That is to say, the *event* of Descartes' treatment of madness within his *Meditations* is, for Foucault, *emblematic* of «a schism, a caesura, a separation, a dissection»¹³⁴ which interrupted the dialogue between "reason" and "madness" in a more or less defined historical moment. More precisely, Descartes would always «master the danger of madness and the risk of the crisis of reason, during the practice of methodical doubt and of the subtle applications of such

¹³¹ See Derrida 1981, P. 149 and Derrida 1973.

¹³² Derrida 1981, P. 149.

¹³³ Foucault 2006.

¹³⁴ J. Derrida, *Cogito and the history of madness*, in Derrida 2003 [1967], P. 46.

a doubt to the hypotheses of perceptual errors, dreams and madness»¹³⁵. Moreover, «the very hypothesis of the evil genius would appear to be, in reality, a controlled methodological hypothesis»¹³⁶.

What Derrida observes, first of all, is that Foucault's reading does not provide sufficient emphasis in the hints about the aporetic dynamics of any "crisis of reason" and of any "reduction to silence" of what would be the "contrary" of a certain reason. In order to put into effect an «archaeology of silence» - as Foucault names his project of writing the history of madness «on the basis of its own experience and authority»¹³⁷ - one should be able to use, in fact, an «organized language, a project, an order, a sentence, a syntax, a work»¹³⁸ through which to transpose the "original" sense of that silence into another context. One should be able, in other words, to manage, to *handle* the break-of-logos provoked by the haunting (non) presence of that silence – that is to say, by the relentless transformation of contextual needs, desires, interests and of the 'general' rationality suitability to satisfy them – through the institution of a de-contextualized "general" logos. This logos would be the result of a *holistic re-adjustment and de-contextualization* effected by the "previous" logos in order to deal with the risk of losing itself in "madness". But to do this, such a logos had to *acknowledge* the always (non) present danger of this break.

Understood in such a way, the concept of "madness" reveals itself to recall a "general" dynamics of functioning of language, rather than the specificity of an historical event of an historical given reason dealing with a break. As Derrida says, «in order to evoke the singularity of the classical moment, [...], perhaps it would be necessary to underline [...] those aspects in which, and especially for what end, its own structure of exclusion is historically distinguished from the others, from all others»¹³⁹. If one interprets "madness" and the danger of it as the risk that one's own language may become *senseless* because of its inevitable dissemination throughout single and previously indefinable contexts and *breaks*, it is hard to see how Foucault's work can describe a *model*, a history of rationality in the sense of *the history of a certain sense of rationality modifying, transforming, interrupting or re-appropriating itself*. His discourse would rather talk about the impossibility of narrating such a *history* apart from a mere reference to events which are always singular, holistically different and *random*, shaped by the necessity of

¹³⁵ Vergani 2000, Pp. 166-167, my translation.

¹³⁶ Ibid, P. 167.

¹³⁷ Derrida 2003 [1967], P.39.

¹³⁸ Ibid, P. 41.

¹³⁹ Ibid, P. 51.

ensuring one's language against the risk of radical breaks – namely, the risk of singular, holistically different and *random* events of “madness” which always haunt such a language.

For this reason Derrida reads Foucault's narrative as «an example as sample and not as model»¹⁴⁰ and shows us that what Descartes actually does is not to exclude madness from his argumentations but, rather, to recognize the ubiquitous risk of “madness” – for instance, during the analysis of the possibility of the perceptual error – and, consequently, to insure the “rationality” of his own language through a «*discontinuity* and a transition to another order of reasoning»¹⁴¹. Moreover, «Descartes is concerned not with determining the concept of madness but with utilizing the popular notion of insanity for juridical and methodological ends, in order to ask questions of principle regarding only the *truth* of ideas»¹⁴². That is to say, according to Derrida, Descartes' hyperbolic project could be distinguished from the specific historically situated Cartesian system of rationality, in the sense that it reflects, rather, on *the conditions of possibility* of the truth and intelligibility of that – and any other – system of rationality.

Such conditions of possibility are recognised, in other words, in the *iterability* of a code throughout any possible context and *despite* any danger of radical break – namely, any danger of its reduction to silence due to the «relentless transformation of contextual needs, desires or interests and of the suitability of this code rationality to satisfy them». The de-contextualization of an idea of rationality – a de-contextualization which can even be *radical*, so as to holistically transform the total sense of a contextual reason – is seen as the condition of its being “ideal”, understandable. The Cogito would represent, therefore, the instant of hyperbolic and extreme possibility of radical “madness” which the existence of a logos has to face and despite which – given the aporia in the manifestation of madness and “silence” - its sense and its capability of being “communicated” can maintain itself. In regard to this, in fact, Derrida makes us notice that «as soon as Descartes has reached this extremity, he seeks to reassure himself, to certify the Cogito through God, to identify the act of the Cogito with a reasonable reason»¹⁴³. In other words, once madness and the always (non)-present danger of it is acknowledged, such a

¹⁴⁰ Ibid.

¹⁴¹ Ibid, P. 60, my emphasis.

¹⁴² Ibid, P. 61.

¹⁴³ Ibid, P. 70.

madness is necessarily incorporated and made to disappear within a “new” «reasonable reason».

This would be, according to Derrida, the «most illuminating»¹⁴⁴ element we can find within Foucault’s *History of Madness* – and, I would add, throughout Foucault’s “general attitude”: the highlighting of the structural necessity – by a certain “reason” - of overcoming “madness” by means of an economy. Or, better to say, the structural necessity of “idealizing” itself in new contexts to deal with the *structural possibility* of coming madness. The emphasis put on rationality by Foucault as being always a “system of power” or domination implies – or, better to say, supposes as a *haunting* idea, in order to be meaningful - *the always (non)-present possibility of the event of madness* and the consequent suspicion of an *always possible incorporation of madness* - an «incorporation of madness» which coincides with a mad, random, unruly, chaotic de-contextualization of a form of reason.

What the liberal-ironist despises is «a method of interpretation of forces indifferently read as ubiquitous relations of power and violence», which carries the impossibility of relying on an “ideal” attitude and pragmatist hope in order to create a better future. But such an impossibility is nothing but the result of the impossibility of dispelling that haunting and that movement of incorporation of madness it coincides with. It is the impossibility of ignoring and dispelling *all* the ethical and structural consequences of the contingency and dissemination of human “vocabularies” which Rorty himself – as I analysed during the second paragraph of this chapter - takes as his theoretical starting point.

The Foucauldian authority “imposes” on the “neo-pragmatist” the idea of a “transcendental” structure of language as *always possible incorporation on madness*, a “transcendental” vision of human nature which, coherently with Rorty’s worry, *diverts* the liberal-ironist’s from her focus on – and her ability to create - “a non-representationalist assessment of historical narratives in order to decide about a better looking vocabulary”. But it does so because it inserts a non-transcendental transcendentalism which de-contextualizes and destabilizes any criticism of rationality and any reliance on a mere “neo-pragmatist” stance or “neo-liberal” ideal progress which a liberal-ironist can take up. The “authority” which comes from Foucault’s texts would *force* the liberal-ironist to see her choices and the outcomes of the same, the general suitability or acceptance of a certain vocabulary as *dependent* on a certain «intrinsic and independent structure of

¹⁴⁴ Ibid, P. 71.

human nature or language», a “structure” which is so “scaring” because of its very being so non-structural as to dismiss and destabilize the sense of any criticism toward typologies of structures.

In this sense, from the point of view of his philosophical purpose, Rorty is “right” to reject thoughts of authors such as Derrida, but for a reason which is the opposite of his argument. What we call «deconstruction», in fact, not only cannot be reduced to a method of interpretation of rationality which claims to be applied to the whole of history. It also blurs the border between the concept of “method” and “lack of a method” and, consequently, between a “deconstructive” thinker and a “constructive”, “pragmatist” or “transcendentalist” one – supposing that a “more deconstructive” thinker can exist. In effect, «deconstruction» would be a way to denounce the fact that any of these kinds of thinkers cannot help but rely on a – socially, linguistically, “naturally” legitimated – authority whose effect and rational structure are made *undecidable* by the relentless «incorporation of madness», by its inevitably «mad, random, unruly, chaotic de-contextualization of a form of reason».

From this point of view, the “notions” of deconstruction and undecidable question any account of a history of specific differences between models of rationality as much as an account of their own identity as “notions”. This undecidability turns out to “be” the impossibility of deciding whether an event, with its unique factors and specificities, has to be included within a certain «narrative of rationality» or another. Such explosion and dissemination of any identity of «narrative of rationality» concerns both a “neo-pragmatist” decisional model and a “classic” one. In this way, the undecidability makes the difference between the *pragmatic* working – and, therefore, the “identity” - of a neo-pragmatist attitude and of a classical one vanish.

The other face of such an undecidability concerns the ubiquitous possibility of a “structure” of rationality being “legible” even in its not being the same structure of rationality, because of the *mad* de-contextualization of its context, of the needs, desires, interest to which it was “addressed”. In this case, the inevitable necessity of making a decision plays an ambiguous role¹⁴⁵. It involves at one and the same time the impossibility of establishing – throughout the dissemination of the events – the «kind of rationality» which our decision will implement and the ineluctable “illusion” of having the capacity of choosing a *specific* kind of rationality within an event abstracted from its own de-contextualization. An “illusion” which recalls the roots and the broad consequences of

¹⁴⁵ See Derrida 1990.

what Rorty only partially examined as the non-ironist's illusion about the agreement settled by a certain vocabulary within a community – which I mentioned in the second part.

Derrida's sentences such as «this absence [of the addressee] is not a continuous modification of presence; it is a break in presence, “death”, or the possibility of the “death” of the addressee, inscribed in the structure of the mark» refer to this very undecidable legibility of an inscribed rationality which can keep being the same only by not being the same. And the «deconstructive thinker» does not assume herself to be immune to this undecidability and dissemination. The sense of what could be hurriedly called a «deconstruction of presence» “is” in fact that such a practice cannot have a sense, cannot «describe or intervene on a model, a history of rationality in the sense of the history of a certain sense of rationality modifying, transforming, interrupting or re-appropriating itself». It can only function throughout «always singular, holistically different and *random* events, shaped by the necessity of reassuring one's language against the risk of radical breaks»; in this way, it operates as a different event of rationality each time. Consequently, the pragmatic outcome of its functioning – of any practical decision made once a “deconstructive” outlook is taken into account - remains undecidable in its suitability; it rests on the *undecidability* of each event of madness.

All this is reflected in Derrida's assertions like «the word “deconstruction”, like all other words, acquires its value only from its inscription in a chain of possible substitutions»¹⁴⁶ and «dissemination means nothing [...] it produces a non-finite number of semantic effects»¹⁴⁷. Such an ubiquity of deconstruction produces the necessity of making our decision, aporetically, within the undecidability of an event of authority and rationality; an authority and rationality which can never decide “what” they are, “what” we should consider them, and “what” they may be. The paradoxical necessity of also being wary of «deconstruction» also derives from this. But, above all, the necessity of stressing the too “idealistic” character of a position which assumes a “general typology” of attitude – typical of the pragmatist and liberal-ironist figure – as more capable to recognise a certain historical and pragmatic progress and to select a kind of technique which would not be the result of relations of powers or of a “based-on-human-nature” legitimacy of an authority.

¹⁴⁶ Derrida P. 5.

¹⁴⁷ Derrida 2004, P. 41.

The aporia of the neo-pragmatist's non-transcendentalism which is such only by falling back into transcendentalism discloses the ineluctability of deciding in very close contact with the specific authorities. These are at stake within our specific, singular context and always, inevitably, suppose that they are in "contact" with a more authentic human rationality. The inevitable need for dealing with – or coinciding with - haunting «transcendentalist» authorities (political, social or economic ones) is the concrete "destiny" of the thinker, whether pragmatist or deconstructionist -, to the extent that it seems, perhaps, "senseless" not to converse directly with them.

II

The call of the Other as a dialectical alternative**1 – Naturalness of pragmatic legitimacy**

The most significant claim of the previous chapter is that the fallacy of the liberal-ironist's transcendental logic has been definitely demonstrated as such. Shown not through a purely theoretical debate on the nature of language but, rather, by showing the necessary interconnection – or, better to say, coincidence – between any pragmatist initiative and an always contingent economic-political “authority”. The *essential* assertion, though, has not been that the figure of liberal-pragmatist advocated by Rorty carries a transcendental interpretation of language. The neo-pragmatist's task and attitude, in fact, has not been questioned as problematic for suggesting a certain privileged view of what language is or should be but which then turns out to be “wrong”. It has been criticized, more precisely, for not being able to talk about a certain coherent view of language and for not being able to talk about a “liberal” and pragmatist attitude as different from any other attitude on the grounds of authority.

The peremptory contingency of the economic-political authorities, their being «at work under a law of undecidable contamination»¹⁴⁸ has been examined together with the fact that the legitimacy of any authority comes from its considering certain historically situated events and “public reasons”. Authority draws a certain rule from these events or public reasons. These are recognized as, or become, a general preference and, therefore, a set of devices so “efficacious” and “agreeable” that they end up being identified with what is “natural” to do or to be for an individual or a community, at least in a circumscribed moment.

Even if oriented toward a radical pragmatic or instrumentalist sense, what ultimately makes an economic-political choice *work* is a reference to what would be preferable for an individual or a group – a reference to its “natural inclinations” - or, at best, a reference to what would be most suitable to do in respect to a certain “reality”. Individuals or groups, according to these natural inclinations, “naturally” prefer to do or to be specific things. A pragmatic or instrumentalist decision is therefore dependent upon a factor

¹⁴⁸ Derrida 1997, P. 59.

which is neither pragmatic nor instrumentalist, but dependent on an authoritative implicit assumption about nature and reality. As A. Seligman notes, even when the notion of authority is formally shifted from «primordial and transcendent loci» to a more instrumental conception concerning simple power, it inevitably has to originate from the awareness of a certain common, shared *feature* of a society:

[we are here describing “authority”] as power simpliciter; that power of public opinion rooted in conformity to the statistical mean, role incumbency rather than transcendental freedom. People, however, continually seek to fulfil needs that are slighted by these modern terms of identity and are continually reintroducing other forms of communal affiliation and self-identification. It is, however, possible that the continued re-emergence of more primordial and purely transcendent loci of authority (and self and community) have in fact always been part and parcel of modernity for precisely this reason¹⁴⁹.

The move from a transcendent, or transcendental, conception of legitimacy toward a instrumentalist one does not involve a change in the fundament necessary for justification: the perception of the basic working structure of the society and of the individual to which one has to conform in order to fulfil better everybody’s general needs and identities. As a matter of fact, such a justification seems to put into question the difference between a transcendent-transcendental justification and a pragmatic one.

This character, combined with the realization of the singularity of any “event of authority”, gives rise to two issues which concern the conclusions reached in the first chapter: 1 – Once we state the pragmatic and “theoretical” fallacy of a general attitude – as in the case of Rorty – by showing that a consistent pragmatic-theoretical general approach is not possible, we are outlining a scenario in which the only way to criticise a general logic is to show that what we are criticising does not exist at all. For to name a certain “logic” is to use a pragmatic tool which is each time different and coincidental with a different context, and which only for a random effect in the disposition of forces of our contexts emerges as being empirically the same name. A general attitude does not have, in other words, even an unambiguous practical consequence or significance “in general” which would differentiate the application of such a “logic” from a situation where an awareness of the contingency of the rise of the authorities is predominant. What is, therefore, the concrete point of making a similar analysis? If one establishes the ultimate

¹⁴⁹ Seligman 2003, P. 51.

supremacy and ubiquity of totally random and singular legitimacies over the existence of any consistent model of rationality, what is the difference between what a «deconstructive» and a «non-deconstructive» authority can do?

2 – Any legitimation of authority, despite its being essentially random, cannot avoid being the expression of how a certain “naturalness” is perceived. A naturalness which is perceived as I illustrated above – as being what would be preferable to do or to be for an individual or a group, as a reference to their “natural inclinations” or, at best, a reference to what would be most suitable to do in respect to a certain “reality”. Legitimation modifies itself according to what is detected or sensed each time as the “logic” which is justified by a certain totality – which coincides with a singular event each time. Any sense of “improving” one’s logic, rationality or criteria of legitimacy, seems to be explained, therefore, by the necessity of taking into account, of “doing justice” to the “naturalness” of all parts constituting such a totality in its development. Any improvement of a logic, therefore, is driven by a necessity of “doing justice” to the “naturalness” of all comings of the other, a necessity of considering the rationality of *all* events composing the totality of one’s “single event”.

If this is the case, even though one of the “definitions” Derrida gives of «deconstruction» is «a gesture which consists in not naturalizing what isn’t natural, in not assuming that which is conditioned by history, institutions or society is natural»¹⁵⁰, we may also interpret a deconstructive intention as aiming for a hyperbolic «doing justice» to a certain naturalness of the “totality”. It would not be misleading to state, therefore, that a Derridean point of view aims at a relentless improvement and modification of an authority and at a relentless improvement and modification of naturalness. But what would be the specificity of the legitimacy of the authority of the “other” in a deconstructive sense in respect to that of the authority considered in a dialectic sense? Does the recall to “contingency” really make any sense in this case, if we consider that contingency is already a character equivalently structuring what we can read both as naturalness and “violence” which is typical of the rise of all authorities? Where can we locate the difference between the functioning of a “modification of criteria of naturalness” typical of a thought of contingency and the one typical of dialectic and teleological thoughts?

A *telos* – as a “more preferable situation to reach” envisaged within each random event – would be the reflection of a certain awareness of a historical development of “a ra-

¹⁵⁰ J. Derrida, interview with Kirby Dick and Amy Ziering Kofman, in *Derrida*, documentary film directed by Kirby Dick and Amy Ziering Kofman, Zeitgeist Films, 2002.

tionality” conceived by a random authority as much as any “non-dialectic” event of acknowledgement of a logic of the other – equivalently “relative”, “arbitrary” or “constructed”. These questions arise from the result of the first chapter because, once we have contained – through Derridean concepts - the pretensions of progress and greater hope claimed by the neo-pragmatist community we need to remember, before giving complete trust to Derrida’s ethics of the hyperbolic attention to «the always (non)present possibility of the event of madness», that the same use of deconstructive concepts brought us, in the final paragraph, to a wary interpretation of the deconstructive authority itself¹⁵¹.

In order to answer these questions it is important to recognize first of all that what I had to establish is a certain *rupture* which Rorty’s conception of philosophy performs– or intends to perform - within our effective interpretation of culture and history. A rupture had to be recognized within Rorty’s task or commitment in order to open a discussion about his “transcendentalism” and his fallacy in talking about a certain coherent view of language as well as about a “liberal” and pragmatist attitude. This rupture is questioned, in its pragmatic efficacy and therefore in its very existence, by Derrida. The neo-pragmatist faith in the ironist’s ability to drag us toward a greater hope in a society where decisions are made without relying on any ontological authority can be in effect likened, even limiting ourselves to a comparison of the “form” of his intellectual claims and commitments, to the faith in a linear and consistent functioning of a privileged area of human capacity, such as the Enlightened Reason deeply questioned by Derrida:

today, in the climate of opinion, people are starting to behave as though one could calmly continue the good old discourse of the Enlightenment, return to Kant, call us back to the ethical or juridical or political responsibility of the subject by restoring the authority of consciousness, of the ego, of the reflexive cogito, of an 'I think' without pain or paradox; as though it were again legitimate to accuse of obscurity or irrationalism anyone who complicates things a little by wondering about the reason of reason, about the history of the principle of reason¹⁵².

¹⁵¹ I have underlined this problem by saying that «such an ubiquity of deconstruction produces the necessity of making our decision, aporetically, within the undecidability of an event of authority and rationality; an authority and rationality which can never decide “what” they are, “what” we should consider them, and “what” they may be. The paradoxical necessity of also being wary of deconstruction also derives from this».

¹⁵² J. Derrida, Sorbonne in Paris, part of a forum on 'Thinking at Present', 1988; in Royle 2009, P. 140.

Whoever «complicates things» is, for Derrida, one who makes the “enlightened” man notice that the authority of Reason inevitably explodes into countless specific authorities, as many as the specific events and rules typical of these single events we are in touch with.

As the enlightened man’s task was to impose the authority of Reason by facing the “old metaphysical questions through the light of reason”, we can identify in Rorty an attempt to «restore the authority of consciousness, of the ego» by translating the language of any preceding attempt to restore authority into its pragmatic implications. When Rorty translates the language of preceding attempts to restore authority to the “subject”, this translation does not necessarily impose the need to reject any practices coinciding with an event of the “old” language, as long as it is pragmatically preferable. But he recognizes the previous theories of the subject as being not “complete” efforts to restore a legitimate – suitable, preferable - authority in regards to all contexts. A Platonic idea of reason, for instance, is not a priori rejected for any particular pragmatic implication it may carry on the social sphere but because, according to Rorty, its criteria of legitimation may not completely coincide with the largest possible agreement, with taking into consideration and “doing justice” to as many contingent logics-of-the-other as possible. Using the terminology I used above I can say that, paradoxically, what Rorty is afraid of is that a theory may not properly “do justice” to the entire naturalness of the contingent “totality”.

This terminology, which seems to be inconsistent with a pragmatist vocabulary, can be well explained by drawing attention to the fact that Rorty, (by illustrating the references to notions such as truth, theory, and nature from a pragmatic point of view, by saying that «it is the vocabulary of practise rather than of theory, of action rather than contemplation, in which one can say something useful about truth»¹⁵³) is not actually dismissing the functioning of structures of forces ascribable to what we consider truth, theory, and nature from our culture or intellectual purposes. Since their “success” – or utility – is only «pragmatically justifiable» he is trying, instead, to *improve* the criteria for their legitimation by clearly displaying the “nature of naturalness” in its reflecting pragmatically justifiable logics. Therefore, it would not be farfetched to say that all this can converge into an acknowledgment of the equivalent right, to any of these logics, to be considered “natural”.

¹⁵³ Rorty 1986, P. 162.

Even if we cannot find these conclusions among “Rorty’s intentions”, it is implicit in its neo-pragmatist *rupture* in respect to a representationalist, scientific or dialectic epistemology that any pragmatically justifiable logic and therefore any «good looking» vocabulary and preferable practical situation is coincident with what somebody “naturally” prefers to do or to be in a specific practical moment. Moreover, this co-implication of natural and pragmatic – “institutional” – factors is well exposed in Rorty’s famous statement whereby «there is no epistemological difference between truth about what ought to be and truth about what is, nor any metaphysical difference between facts and values, nor any methodological difference between morality and science»¹⁵⁴. Not only «what ought to be» reflects a tension toward a naturally pragmatically preferable situation, but «what is» is already a pragmatically justifiable logic which cannot be separated from that tension.

Any “rupture” in the interpretation of what is nature, knowledge and truth, from this point of view, can be conceived as an effort to improve the criteria for the legitimation of what is natural, known, true, an effort to improve the criteria for a pragmatically preferable-justifiable logic. But it is consequential from what has been said about the concept of authority, that a similar “improvement” can only identify a shift within the spectrum of single pragmatically preferable-justifiable logics, and in no way a progress in its absolute sense. Given the radical contingency of any authority, any “improvement” of a pragmatically preferable-justifiable logic turns out to be an improvement for a specific authority within its specific field of forces, within a specific context of naturalness and preferability and against the pragmatically preferable logic typical of another authority.

If we have to locate a specificity in a deconstructive figure of authority, in its capacity to take into account contingency and to do justice to all – or more – singular events of “natural logic”, we have therefore to establish that her «effort to improve the criteria for a pragmatically preferable-justifiable logic» does not rely (as Rorty and the philosophies of subject he intends to “improve” do) on a supposed «rupture» which then winds up as being only «a shift within the spectrum of single pragmatically preferable-justifiable logics».

We need to display, in other words, that the economic-political authorities which are re-interpreted by the neo-pragmatist own the characters of what we would traditionally call

¹⁵⁴ Ibid, P. 163.

«dialectic» - to consider a modification of conceptions of naturalness toward a supposed improvement which is, in the end, relative and arbitrary – while the economic-political authorities which are likely to be shaped by a deconstructive attitude would not.

According to this hypothesis, Rorty would appear as a “stage” of a philosophical itinerary in which any exponent has, in turn, tried to arrange a logic whose criteria are pragmatically preferable-justifiable for as many events as possible. The “rigour” in doing justice to pluralist vocabularies claimed by the liberal-ironist (which reveals itself as equivalently relying on “natural” authorities) appears to be the next stage in the research of a “scientific” economic-political vocabulary or logic. That is, in accordance with natural necessities, preferences and suitability – aimed at doing justice to “the other”. It is important to recall that the very sense of «doing justice» is, in turn, inevitably dependent on what one «naturally prefers a community to be or to do for a community».

2 – Arbitrariness of the Other as of the «totality»

It is important to note that the “rupture” which pragmatic-liberalism intends to perform as an act of legitimation of certain economic-political authorities would not make any sense if the intellectual positions it attempts to “improve” were not perceived as, in turn, “ruptures” of other preceding attempts to legitimate some kinds of naturalness. They can also be perceived as hiding the legitimate naturalness of many or most of the events of our environment, through a certain degree of “domination” on those which would be other legitimate authorities. When an intellectual determines certain “naturalness criteria”, she can interpret this determination as an improvement only by recognizing the claim, by the preceding attempts to outline these criteria, to be re-articulations and improvements of the legitimacy of authorities. That is to say that the necessity of an improvement can never be a rupture in the sense of complete re-invention of the terms of the problems but, rather, a process of re-inscription of the “old” authorities into more appropriate, more “natural” conditions of legitimacy. These latter are nothing but the criteria of legitimation of the “new” authority, whose necessities, parameters, desires, awareness – and, therefore, “naturalness” – have been shaped by their inscription within the “preceding” context of authorities. Any rupture has to be a manifestation of an ongoing and contingent process of inscription of authorities within other authorities. We

could already say that such a determination makes the distinction between a dialectical rupture and a “deconstructive decision” *undecidable*. But it is the very element of contingency, with which we are dealing, which presents us with the necessity of considering the respective potentialities and particularities of the philosophical attitudes Rorty confronts - pragmatic-liberalism, deconstruction, dialectics, representationalism and Marxism – not only through theoretical comments but, rather, in relation to historical singularities.

When I first pointed out Rorty’s necessity of making any pragmatic decision coincide with the parameters of an economic-political authority, I quoted an essay – *The end of Leninism* – which can be read in effect as suggesting the structure of a dialectical move. A move in the sense of «considering a modification of conceptions of naturalness in order to reach a supposed improvement». The form of the authority inspired by liberalism is seen, in fact, as the best solution in order to do justice to the “other’s logic” because it is interpreted as outclassing and improving the typologies of authority which support Marxism and the radical left – as well as «Dewey’s occasional temptations to radically reform capitalist society through scientific inclusive planning»¹⁵⁵. Radical left efforts to consider and fulfil the “natural” needs of the oppressed are based, according to Rorty, on an ideal, Hegelian and abstract conception of naturalness and, therefore, of History. The pragmatist’s suspicion toward the authority of Marxist historical materialism – which claims to work as a “scientific institution” - is attributable, as in the case of Dewey, to the suspicion that «what public institutions spread as shared vocabulary is always in danger of not effectively coinciding with the particular “agreement” needed in a singular situation». Therefore, Rorty could never accept a search for «regularities or needs that are virtually necessary given the contingent evolution and current structures of human biology and history»¹⁵⁶.

Marxist ideals are appreciated for being a rupture aimed at improving justice to the logic of the other - «[...] I wish that the assumption that we already knew about a satisfactory alternative to market economies and private property had been true [but I don’t think it was]»¹⁵⁷ - and acknowledged in the concrete needs it expresses and in the historical function it has been carrying out – which we need to improve, re-articulate and re-inscribe into the liberal-ironist legitimacy:

¹⁵⁵ Rorty 1998, P. 239, see note 15.

¹⁵⁶ Shusterman 1994, P. 398.

¹⁵⁷ Rorty 1998, P. 239, see note 15.

[...] linking the intellectual romance of self-creation with the oppressed worker's desire to expropriate the expropriators. Such linkages help us intellectuals to associate ourselves with the ideals of democracy and human solidarity. These linkages let us have the best of both worlds: we have been able to combine the traditional disdain of the wise for the many with the belief that the present, degenerate bourgeois many will be replaced by a new sort of many – the emancipated working class¹⁵⁸.

Marxist ideals and attitude are not fully “rejected”. The authority they represent is acknowledged in its working throughout our days, in its contributing to constitute the world in which we dwell, in its carrying the improvement of the just legitimation of certain naturalness – such as, in this case, the naturalness of those others who need to be emancipated from what impedes the achievement of what would be “naturally more preferable” for them to do or to be. Marxist authority is taken as being a partial awareness of what the total “naturalness” of all the events is. It is taken as authority in the sense of being a legitimate expression of particular necessities, parameters, desires, awareness which are those which really exist within our context. Marxism is acknowledged and improved as an authority because the necessities and desires it describes *are* real fields of forces forming our environment. But such a description, nevertheless, does not coincide with an openness to the naturalness of all events. Any Marxist authority would display, using a Hegelian perspective, a partial, incomplete, one-sided awareness of the “total” naturalness. Neo-pragmatism intends to get clear of the obstacles which make the “scientific” Marxist conception of reality not coincide with an as large as possible openness toward a pragmatic preferability within our community: «I would hope that we have reached a time at which we can finally get rid of the conviction common to Plato and Marx that there *must* be large theoretical ways of finding out how to end injustice [...] »¹⁵⁹.

The link to practice underpins Marx's thought about the authority of its philosophical enterprise, as the practice of emancipating oppressed human features after recognizing the logic of such oppression – or, better to say, after recognizing how logics of certain authorities make logics of other authorities not coincide with what would be “naturally” preferable to do or to be for the human beings which can be identified with the latter authorities. But this doing justice is not fulfilled within Marxism because, according to

¹⁵⁸ Ibid, P. 230.

¹⁵⁹ Ibid, P. 228.

Rorty, its authority cannot entirely respect all “naturally” preferable logics of the other without, in turn, imposing its own “natural logic” on the consideration of the same. This logic, used in order to analyse the structure of the contexts where the other is situated and to envisage its “preferable situation”, results as being not justifiable in any possible event. As H. Blanco explains:

Marx’s famous dictum “The philosophers have only *interpreted* the world in various ways; the point however is to change it”, expressed Marxism's turn from contemplative thought to action. It is Marxism that claimed to have turned Hegel's idealism upside down. But Marxism as a philosophy is epistemologically compromised between a positivist, reductionist theory of knowledge and history, and an unwarranted idealism. Lack of adequate attention to the theory of knowledge, or rather uncritical acceptance of the positivist view of science, leaves thought and practice without a coherent connection in Marxism. Thus, what Marx proclaimed without warrant of his philosophy--a philosophical basis for social activism and reconstruction--pragmatism provides»¹⁶⁰.

The neo-pragmatist’s attempt to «do justice», to assure a «warrant» to any “pragmatically justifiable” interpretation of reality can be read as an improvement of the connection between “thought” and “practice” – between the legitimation of an attitude and its implementation – which is not developed enough in Marx. Marx’s “thought” cannot completely justify or coincide with a legitimate practice because the logic it proposes may leave aside the logic of certain authorities in certain events, it may not comprehend all naturalness because it may not comprehend all singular authorities of the total specific context in which we are. This comprehension is what neo-pragmatism attempts to achieve: a coincidence between philosophical-theoretical legitimation and the authority of any coming event-logic in its legitimate pragmatic naturalness. Such an attempt reveals itself to be fallacious because this legitimation has inevitably to be performed and implemented, in an economic-political decision, through the criteria of naturalness of *certain* authorities, as within any dialectical thought.

It is a coincidence between “legitimation of attitudes” – «thought» - and legitimacy of the fields of forces constituting its environment that neo-pragmatism intends to reach. That is to say, it is a comprehension of the «totality» which, in a Hegelian lexicon,

¹⁶⁰ Blanco 1994, P. 44.

would recall the coincidence of «Idea» and «reality»¹⁶¹. When Rorty says «the persistence on the left of this notion of 'radical critique' is an unfortunate residue of the scientific conception of philosophy [...]this idea presuppose that someday we shall penetrate to the true, natural, ahistorical matrix of all possible language and knowledge»¹⁶² this means that, according to the neo-pragmatist, Marxist authority is the awareness of a naturalness which is nevertheless at odds with the naturalness of many other authorities in its environment; its legitimacy is therefore abstracted from the total context and only this abstractness can confer the appearance of describing a «universal truth or ahistorical matrix» to it: «Marxism, like Platonism and Heideggerianism, wants more for human beings than comfort. It wants transformation, trans-formation according to a single universal plan; Marxists are continually envisaging what they call “new socialist man”»¹⁶³. The «new socialist man» would be, from this point of view, “what it would be preferable to do or to be” for a Marxist, namely its “naturalness”, and this naturalness – and the rupture it consists in - is recognized as being *part* of the total context of the changing events-naturalness to whose totality neo-pragmatism tries to do justice. The “spectre” of Marxism – as Derrida would call it¹⁶⁴ - is, on the one hand, the expression of needs, desires, reasons which rose under the implementation of other “preceding” authorities – it is, namely, a historical modification and “progress” of rationality and naturalness driven by the awareness of a more suitable logos. But it is, on the other hand, a “progress” which is now recognized in its being in relation with other singular authorities; the totality of these relations is therefore recognized by the neo-pragmatist in his authority to choose a particular authority which, each time, would do justice to as many singular pragmatic logics as possible. Once interpreted as an act of comprehension of the totality of the authorities, the neo-pragmatist discourse resembles the traditional dialectic move of considering a modification of conceptions of naturalness in order to produce an improvement and a comprehension of any singular events. That is a discourse which, each time, winds up as being only «a shift within the spectrum of single pragmatically preferable-justifiable logics».

Neo-pragmatism still turns out to be an appeal to a form of totality in its authority to choose needs, desires and preferences of a certain authority. The historical shaping of the authority chosen by the neo-pragmatist, in its “improving and comprehending in a

¹⁶¹ Hegel 2010 [1817], Book III, § 1634.

¹⁶² Rorty 1991, P. 24.

¹⁶³ Ibid, P. 77.

¹⁶⁴ See Derrida 2006 [1994].

totality all the events-authorities”, resembles a Hegelian process of continuous accomplishment of self-awareness of history and rationality:

every twist and turn in the history of philosophy regarding knowledge and truth is at the same time a twist and turn in our conception of ourselves. Thus the history of philosophy is also a kind of auto-biography, a *Bildung* in which humanity as whole comes to understand itself. The *Phenomenology* is essentially our collective memoirs, clarifying finally what we now find that we are. So viewed, the *Phenomenology* is a treatise on *self-identity*, what each of us, and all of us, ought to think of ourselves¹⁶⁵.

By denying a historical essence of self-identity, neo-pragmatism is nevertheless announcing the institution of an authority which understands history in its “totality”, namely in its full naturalness represented by any specific pragmatically justifiable event-logic; such an authority needs to construct «a conception of itself» which lets it identify itself with the most suitable thing to do or with what is «preferable to do or to be» in a context. But such self-identification draws its features – the needs, necessities, desires it represents - from the context of “preceding” authorities in which it arises. It needs to draw up, therefore, a «biography» of the totality of the succession of other authorities, in order to deduct a certain – naturally – preferable thing to do, a purpose, a goal.

As remarked earlier, the dialectical notion of *telos* – as a “more preferable situation to reach” envisaged within each random event - is the reflection of how a certain random authority is aware of the historical development or transformation of “its rationality” – the rationality shaping its particular and relative environment and being. This definition, though, is also adequate to describe the goal conceived by any “non-dialectic” event of acknowledgement of a logic of the other, because this latter – as a «particular environment» perceived by an authority - is equivalently “relative”, “arbitrary”, “constructed”. Thus, the resemblance between the neo-pragmatist authority and the dialectic concept of *aufhebung* is consequential to the fact that a difference between a “dialectical” and “contingent” conception of «transformation of rationality» vanishes. Once we establish that both a “dialectic” and a “post-dialectic” idea of history can be interpreted as describing a succession of authorities constructing an interpretation of their historical moment which is shaped through the articulation of the preceding authorities criteria, a

¹⁶⁵ Solomon 1985, P. 197.

rupture can be read both as “dialectic” and contingent. In fact, a rupture cannot help but spring from the awareness of a totality formed by an always “arbitrary”, “constructed”, “relative” naturalness of certain authorities, because the consciousness of certain needs, desires, or interests typical of the authority which makes the break will always be a relative, contingent product of its particular relationship with the authorities it used to be dominated by. Such a consciousness will always be, therefore, a “restricted” and arbitrary one. The logic underlying the dialectic and the logic supporting the functioning of any authority in its rupture with and inscription of other authorities cannot have any significant difference in arbitrariness, naturalness or risk of producing “violence”.

3 – Althusser and Marx’s rupture: Marxism as an attempt to break humanistic economic circularity

In order to assess the potentiality of a Derridean attitude to doing justice to the logic of the event in comparison with the potentiality of a dialectical and pragmatist thought, the issue is raised about whether there can be a choice of one or more authorities which coincides with a rigorous openness to the logic of the other. This puts, within a logic of an economic-political decision, that «total naturalness» which would be the intended purpose of the authors I quoted at stake. A decision which intends to meet «what would be preferable to do or to be» for an individual or a community – to recognise them in the authority of their naturalness – necessarily needs to rely on *some* authorities whose desires, needs and criteria acquire the status of a “science”, at least in the sense of “science of the other”, whether in the acceptance whereby it is a “knowledge of the other” or in the one whereby it is a “knowledge which the other owns”. The achievement of a suitable “science of the other” would involve, both in a dialectical, pragmatist and deconstructive perspective a creation or distribution of elements and energy which respects - «does justice to» - what would be naturally preferable for an individual or a community. The problem is to understand whether and to what extent a “science” or an “economy” of the other can avoid being identified with the economy of *some* authority. In this case “authority” may not necessarily coincide with the “unity” of an individual, it may coincide with only some of the features that are liable to change.

Such an identification, in fact, seems to be necessary for any authority to be able to declare itself as capable of proposing a rupture which is aimed at doing justice to the other. This is one of the reasons why Rorty is ungenerous with regards to Marxism when he compares the Marxist authority as a method aimed at analysing how can we achieve «a creation or distribution of elements and energy which respects what would be naturally preferable to do or to be for an individual or a community» with his own typologies of authorities. When he describes Marxism as a «metanarrative» involving a preconceived view of human nature, Rorty neglects to say that what produces a structure or a “science” in Marx is not the preconception of a certain human nature but an openness to discover the naturalness of any *other*, within a pretension to universality which must be rigorously justified. A failure of Marxism, from this point of view, needs to be explained not by the fact that it would suppose a certain human structure or nature but, rather, by the fact that any search for «what would be naturally preferable to do or to be for an individual or a community» - that is to say, any search for the logic of any event – has to be performed by or rely on *some* authorities whose “science” has to be trusted and identified with the logic and the economy of the other. This difference appears to be slight but it is nevertheless important in order to understand whether an «openness to the other» is possible and what it would mean. In fact, if one reads the possible failure of Marxism – or of any other “dialectical” position – as produced by the obstacle of a certain conception of human nature – which can be decried as ‘representationalist’ – one assumes the possibility of the existence, in order to overcome such a position, of a different kind of authority less influenced by a metanarrative. This would be an authority whose conception of “naturalness” and whose preference for what to do within a context is *not* produced by the arbitrary and relative naturalness of the authorities forming this context.

In this case, all this means that Marx as an authority, in order to grasp and emancipate as many «events of naturalness» as possible, needed to consider as many authorities of his time as possible, with their own naturalness and preferability about what they would like to do or to be – such as classical economists, modern philosophers, utopian socialists, «proletarian» workers in their concrete life. Once he had done this, he needed to inscribe all these authorities into a conception of “naturalness” whose criterion is to do justice to as many conceptions of “nature” as possible, namely to as much total naturalness as possible. The outlining of the necessity to emancipate the overwhelming mass of proletarians would respond to such logic from this point of view. In this way, the «sup-

position» of a certain human nature turns out to be the product of an “assessment” of the totality of authorities needed to be considered in their arbitrary and relative naturalness. The «structure of history» displayed by Marxists can appear to be “arbitrary” – as Rorty would suggest – inasmuch its totality is the attempt to find a balance among the *arbitrary* naturalness of a set of authorities. Inasmuch, in other words, it is the attempt to create a science of the *arbitrary naturalness of the other*. Any economic-political decision – whether Marxist or pragmatist - would therefore be doomed to be partial, fallible because it results in being an arbitrary dialectical metanarrative constructed through arbitrary contingent authorities. That one has necessarily to choose *certain* authorities is equivalent to stating that the prevalent authorities-of-the-other are contingent.

Althusser’s text *Reading Capital* illustrates how Marxist operational logic can be read as proposing a total «comprehension [of notions such as profit and rent], either of their origin and nature, or of the laws that regulate the subsequent distribution of their value»¹⁶⁶. This is one of the elements which can be depicted as promoting an interpretation of Marx whereby this latter’s “operational logic” was not primarily the effect of a certain doctrine about history and hierarchies of production. It was, instead, driven by the necessity of recognising the other in her own logic and of producing a rigorous “science of the openness to the other’s naturalness”. This in spite of the fact that, as Goldstein warns, Althusser never did «give up the idea that theory grasps *reality*» and «he still considered *Marxist* theory to be a privileged voice in the chorus»¹⁶⁷.

The case of Althusser is significant because he displays Marx’s theorization as the result of an inscription of the classic concepts of political economy into a new type of science aimed – because of its very being a «science» - at exploring the “real” dynamics of social relationships and, therefore, the real relationships among the potentially preferable naturalness of all authorities. However, he also admits the possible fallacy of the other’s authority – such as the proletariat still not fully aware of its own condition - in recognizing what would be preferable for itself and the others. Consequently, he can make us reflect about the aporetic situation whereby the undecidability of whether the authority of the other is really “open to itself” can only be solved by the intervention of another, “external” authority.

Althusser, in other words, offers us interpretative instruments to understand that a boundary between an «economy of the other» led by an “ideology” and an economy

¹⁶⁶ Althusser 2009 [1965], in Althusser et al. 2009 [1965], P. 147.

¹⁶⁷ See Strathausen 2006.

driven by a “science of the other” is faint or, even, undecidable – and this would clarify, again, why a difference between a «dialectical» development of economic-political decisions and a «contingent» one describes only an “empirical”, “psychological” difference among equivalently “random” and arbitrary developments of authorities.

Althusser locates Marx’s essential rupture toward the preceding models of rationality in 1845, at the moment when his evaluation and description of history and relationships among humans distances itself from what Rorty would call «foundationalism» or «representationalism». Any preceding intellectual acceptance of a certain form a society is interpreted, from now on, as the product of a certain supposition of how the “natural *homo economicus*” is constituted:

In 1845, Marx broke radically with every theory that based history and politics on an essence of man. This unique rupture contained three indissociable elements. (1) The formation of a theory of history and politics based on radically new concepts: the concepts of social formation, productive forces, relations of production, superstructure, ideologies, determination in the last instance by the economy, specific determination of the other levels, etc. (2) A radical critique of the *theoretical* pretensions of every philosophical humanism. (3) The definition of humanism as an *ideology*[...] This total theoretical revolution was only empowered to reject the old concepts because it replaced them by new concepts. In fact Marx established a new problematic, a new systematic way of asking questions of the world, new principles and a new method¹⁶⁸.

The notions of «social formation, productive forces, relations of production» and the determination «in the last instance by the economy» are the frameworks through which the partial naturalness, the relative “truth” coinciding with the old authorities are “admitted” once they are re-inscribed within a new context-of-naturalness, the context which does justice even to the potential preferable existence of “other” social classes. The “potential naturalness” of proletariat, what would be «preferable to be» for this latter is provided with dignity in the sense that proletariat condition is no longer justified and uncritically accepted as an effective way to carry out or satisfy natural, anthropologically established human needs and consumption («Political economy tends to re-

¹⁶⁸ Althusser 1964.

duce exchange-values to use-values, and the latter - 'wealth', to use the expression of Classical Economics - to human needs»¹⁶⁹).

In regard to this, Althusser recalls that a classical definition of political economy concerns the study of the laws of phenomena such as consumption, profit, production and distribution in a «banal» approach, without questioning whether these laws are really the reflection of intrinsic anthropological laws and, above all, whether the “evaluation” of these laws can be fairly abstracted from the contexts of domination they are originated from and be analysed as a «homogeneous, quantifiable field»:

Lalande’s dictionary defines Political Economy as follows: 'a science whose goal is knowledge of the phenomena, and (if the nature of those phenomena allows) the determination of the laws, which concern the distribution of wealth, and its production and consumption, insofar as the latter phenomena are linked to those of distribution. Wealth means, technically, everything which is capable of utilization'¹⁷⁰.

Althusser makes us notice that one of Marx’s main elements of rupture is the remark on the circularity of the «given» nature of human needs characterizing the social system as considered by Smith and Ricardo: «The homogeneous positivist field of measurable economic facts depends on a world of subjects whose activity as productive subjects in the division of labour has as its aim and effect the production of objects of consumption, destined to satisfy these same subjects of needs»¹⁷¹. The economic «given» of human needs and consumption is showed as a function of the particular model of production which is supposed to satisfy these same needs: «The only needs that play an economic part are those that can be satisfied economically: those needs are not defined by human nature in general but by their effectivity, i.e., by the level of the income at the disposal of the individuals concerned -- and by the *nature* of the products available, which are, at a given moment, the result of the technical capacities of production»¹⁷².

That Althusser locates here Marx’s rupture in regard to the previous models of rationality is significant, not only because he suggests the “moral” and ontological necessity, perceived by Marx, of doing justice to an oppressed naturalness of human beings previously seen as in function of a dominant conception of «what is naturally preferable to do or be». It is significant because this allows us to discuss the fact that any new necessity

¹⁶⁹ Althusser 2009 [1965], P. 162.

¹⁷⁰ Ibid, P. 160.

¹⁷¹ Ibid, P. 162.

¹⁷² Ibid, P. 166.

and perception of a “naturalness” has formed itself by inscribing in itself and re-articulating the contingency and the arbitrariness of its “surrounding” structures of forces. Since any human need can only arise as a function of certain models of distribution of means and wealth, any consideration of what would be preferable to do within a context – in order to transform such context - will be a response to a particular, arbitrary system of authorities, which makes the consideration of any other’s naturalness a particular, arbitrary authority.

The condition of the proletariat is in fact read as the consequence of the move of certain naturalnesses which oppress some others: the notions of «social formation, productive forces, relations of production» are functional to an interpretation of reality whereby socio-economic relationships are arbitrary and contingent products of dominant conceptions of naturalness. But this means that once we declare that the “old” humanistic interpretations of man are arbitrary and contingent ideologies, once we maintain that this arbitrariness has shaped the socio-economic relations of power which we abide in, it is also necessary to admit that any “other’s” logic one strives to outline inevitably carries with itself its own arbitrary and contingent origin produced as a “reaction” within a social practice of an arbitrary and contingent notion of human naturalness. Althusser says: «Every recognized science not only has emerged from its own prehistory, but continues endlessly to do so (its prehistory remains always contemporary: something like its *Alter Ego*) by rejecting what is considered to be error, according to the process which Bachelard called “the epistemological break”»¹⁷³.

A question therefore becomes central, if one intends to analyse the specificity and the effectiveness of a deconstructive attitude in order to deal with ethical, political or economic issues: can the move toward the «openness to the other» be “scientifically” or ethically justified “by itself”? Is it really the ethical move *par excellence*? If we rely on the awareness of a certain preferability-of-the-other we should always consider the fact that such awareness has shaped itself through the inscriptions of *certain* authorities - which are contingent – and therefore the model of distribution it proposes will always be in danger of involving the incommensurable functioning of the «spectres» both of the “old” authorities and, above all, of other “new” contingent authorities. The arbitrariness of the origin of any other’s logic implies in fact the possibility that this latter involves, in the social implementation of its “models”, other authorities whose origin is arbitrary and contingent but different. It is important to recall that an «authority» is not necessar-

¹⁷³ Althusser 1976, P.114.

ily identified with an individual or a «subject», but with any changing normative context.

This position can be supported by referring to Althusser's explanation of what determines a socio-economic break and by looking into concrete historical cases which reflect the discussed features. Firstly, notice how Althusser highlights Marx's conception of systems of production and labour processes, which is distant from a humanist view of «creative» transformation. Any description of the history of wealth production as mere result of human labour and creativity is rejected, because it supposes the homogeneous development or evolution of some natural human characteristics. Far from being linear and univocally calculable, what determines the modality in which humans produce wealth involves a certain reciprocal dynamic between the laws of natural resources and human technology, whose contingent distribution determines the material conditions of production. Althusser reports that, for instance, Smith tried to relate the factors just quoted to a certain intrinsic value of human labour throughout history: «Smith had already related the current material conditions of the labour process to past labour: he thus dissolved the *currency* of the material conditions required at a given moment for the existence of the labour process in an infinite regression, in the *non-currency* of earlier labours, in their memory [...]»¹⁷⁴.

According to Althusser, Smith connected something which is «current», which can only be outlined as the current result of contingent and arbitrary interrelationships between distribution of natural resources and technologies, to something which is supposed to be a determinable factor, the “history of human labour”. This kind of “humanism” is therefore equivalent to choosing *some* authorities – each contingent one which privileges a certain perception and awareness of the modality of human labour in order to qualify its economic context – and their conception of history in order to do justice to any other authority. «Althusser's worries» - Honneth says - «pertain to the obsessive way in which humanist thought conceives history as a continuous self-objectivation of human species»¹⁷⁵. A self-awareness of any coming authority – and, therefore, of the totality of our history - through the consideration of certain authorities is the purpose of a “humanistic” economic attitude.

But how can a thought aiming at “improving” the contingent and arbitrary distribution of wealth within a society by making itself be – or recognizing itself as being - «hostage

¹⁷⁴ Althusser 2009 [1965], Pp. 172-173.

¹⁷⁵ Honneth 1994, P. 77.

of the Other's logic»¹⁷⁶ avoid choosing the conception of history of *certain* authorities? The «creative transformation» of some “other” authorities is not necessarily “in harmony” with any authority which is to be involved in a deconstructive economic concrete decision.

And yet, what Derrida invokes is precisely an act of sacrifice, an act of responsibility toward the *singularity* of the advent of the other, toward her request, *regardless* of any «general ethics» or general justification:

I can respond only to the one (or to the One), that is, to the other, by sacrificing that one to the other. I am responsible to any one (that is to say to any other) only by failing in my responsibility to all the others, to the ethical or political generality. And I can never justify this sacrifice, I must always hold my peace about it. Whether I want to or not, I can never justify the fact that I prefer or sacrifice any one (any other) to the other. I will always be secretive, held to secrecy in respect of this, for I have nothing to say about it. What binds me to singularities, to this one or that one [...] remains finally unjustifiable¹⁷⁷

Such a secret act seems to be the only way to be faithful to the other's logic without altering it with the dominant logic of a dominant authority. It seems to represent, also, the outcome of an essential choice between being loyal to some “genuine” others and their singularities and an “abstract norm”. From the point of view which has been developed here, nevertheless, such a choice appears to be, rather, between certain contingent conceptions of naturalness developed by the reciprocal consideration of arbitrary authorities and others. If «abstract norm» means “arbitrarily privileging some features of a context over others in order to evaluate it” we have to regard it as the specific characteristic of any act of doing justice to *some* authorities.

The consequence is that a political-economic reform can be granted to be “philosophically” considered as a response to the singular event of the coming of the other but at the price of seeing such a response «explode», alter itself because of the arbitrariness and contingency of the authorities haunting its context. This would display how Derrida falls into the fallacy of believing in a particular theoretical attitude which would have the quality of dealing with the undecidability – arbitrariness, contingency, madness – of

¹⁷⁶ See, for instance, Derrida 2003b: «on part d'une pensée de l'accueil qui est l'attitude première du moi devant l'autre, d'une pensée de l'accueil à une pensée de l'otage. Je suis d'une certaine manière l'otage de l'autre, et cette situation d'otage où je suis déjà l'invité de l'autre en accueillant l'autre chez moi, où je suis chez moi l'invité de l'autre, cette situation d'otage définit ma propre responsabilité» (P. 66).

¹⁷⁷ Derrida 1995, Pp. 70-71.

the authorities in a more efficacious way. This particular attitude would consist – as well as in the loyalty to the “singularity” of the event of the other - in the very awareness of the self-deconstructive “nature” of any model of authorities. In the awareness, therefore, of the contingency of the authorities forming our precise context; in the awareness, again, of the undecidability which we need to face when evaluating the meaning and the practical consequences of similar models in each singular event we experience :

Undecidable is not merely the oscillation or the tension between two decisions. Undecidable – this is the experience of that which, though foreign and heterogeneous to the order of calculable and the rule, must nonetheless – it is of duty that one must speak – deliver itself over to the impossible decision while taking account of law and rules [...]Once the test and the ordeal of the undecidable has passed [...], the decision has again followed a rule – whether given, received, confirmed, preserved or reinvented – which, in its turn, nothing guarantees absolutely¹⁷⁸.

How the theoretical meaning of the aporia of the undecidable has not been justly investigated by Derrida can be pointed out by recalling that an awareness of the contingency of the authorities forming our precise context is never only coincident, formally, with an «awareness of the contingency of history». It is mostly coincident with an awareness of *certain* singular contingent authorities which constitute the particular picture of our «contingent history. It is inevitably through an awareness and acceptance of some of these contingent and arbitrary histories that we perceive the undecidability of a situation. And it is through the faith in an arbitrary authority that we, afterwards, «pass the test of the undecidable». The undecidable, in effect, consists in the awareness of a particular modality of interrelation among *certain* particular authorities and visions of naturalness. And any necessary decision and break of the undecidable is an assessment made through the elements proper of those arbitrary authorities. Any investigation of an undecidable context is already an acceptance of the arbitrary conception of history of certain authorities, of certain “others”. An arbitrary conception which can never be, rigorously speaking, a “singular” event but which always involves, in its functioning within a context, the spectres of other authorities coming from other arbitrary origins.

¹⁷⁸ Derrida 1990, Pp. 77-78.

The arbitrariness I am talking about is not only in the sense of the random and particular desires, needs and prejudices typical of *any* “event of authority” and of the *spectres* of any authority haunting the context in which the “event of authority” we decide to rely upon takes place. It is also in the sense of the arbitrariness of our decision about what event of authority we choose in order to do justice to the other within a context.

It is important to notice that, in effect, the arbitrariness and the undecidability in the choice of the “other’s authority” to which one does justice is already a structural characteristic of economic-political decisions which would respond to a “socialist” or “Marxist” vision of history. The mechanism of privileging some authorities and their arbitrary conception of history in order to do justice to the naturalness of as many authorities as possible is something that “socialism” shares with dialectics and deconstruction. This is why it would be possible to show, through the reference to events typical of socialist history, the structural risk persisting - in an always equivalent way - throughout this shared structure. It is possible to show, also, how in the concrete contingency of the economic-political events there is no structural or essential difference between a decision attributable to a deconstructive, socialist or “humanistic”, dialectical view but only, at best, an empirical and psychological one.

Althusser is aware of a structural danger of failure present in socialist hope when the matter is to consider the “naturalness of the other”. A failure which he tries to ward off by clarifying, through the writings of Lenin, that we do not have to hypostatize our confidence in the singular coming of the other and her logic – in this case, of the proletariat – because such a logic is ineluctably the arbitrary product of a contingent and arbitrary vision of history which may exclude «what would be preferable to do» for some individuals. In this precise case, notoriously, this vision coincides with the conception of naturalness which is the very “dominant” of the proletariat:

One further point needs to be clarified in this connection. Modern writers, taking up, consciously or not, a tradition whose representatives include Sorel and Rogdanov, have described historical materialism as ‘the immanent philosophy of the proletariat’ (Daniel Villey), as a theory that is valid for the proletariat and gives expression to its condition and aspirations. This thesis leads to the following conclusion: Marxism is a subjective (‘class’) theory, having no claim to scientific universality and objectivity; hence it is a myth in the Sorelian sense, rather than a science. Others have sought to ground the scientific nature of Marxism, ‘the ideology of the proletariat’, in the essence of the proletariat, the ‘universal

class' whose condition – whose very impoverishment – marks it out for universality and objectivity. Lenin had occasion to discuss this problem in a famous text, *What is to be Done? Against the advocates of the 'spontaneity' of the proletariat*, Lenin defends the absolute necessity of 'scientific theory'. He quotes approvingly the following passages from Kautsky: “[For the spontaneists], socialist consciousness appears to be a necessary and direct result of the proletarian class struggle. But this is absolutely untrue. Modern socialist consciousness can arise only on the basis of profound scientific knowledge. The vehicle of science is not the proletariat, but the *bourgeois intelligentsia*: it was in the minds of individual members of this stratum that modern socialism originated”. Lenin shows that, ‘spontaneously’, the proletariat cannot but be influenced by bourgeois ideology, and that Marxism, far from being the subjective theory of the proletariat, is a science that must be taught to the proletariat¹⁷⁹.

Proletariat, therefore, develops the perception of its needs and naturalness in function of the previous system of authorities, of the particular economic interests this latter produces and of the human nature this kind of society “creates”. This structural characteristic not only should make us worried about the concrete possibility of the spread of class consciousness but, also, wary of the individual economic interests which may arise and be implemented within the structure of a socialist or communist society.

The task of making the logic, the naturalness or the coming of the other stand out is not an univocal one. In order to state what would be preferable for a community of individuals in its total context – or even for a “singular” individual in her total context – we can be sceptical about relying on a general theory or a historicist attitude as much as on a “rule” drawn from what appears to be «the singular event of the other». In each case the arbitrariness and the contingency of the rule and of the authority we rely on *inevitably produces the risk that the economic value or importance of some measure is not evaluated through a reference to a calculation of the greatest total benefit perceivable within a context*. It is because what is perceived as “naturally preferable” by each of these authorities is inevitably particular, arbitrary, “relative”. If we have to admit that it is impossible to escape relying on an arbitrary authority, it is also necessary to acknowledge that dialectical thoughts, pragmatism and deconstructionism have advocated the use of certain previous general criteria which are seen as necessary or even sufficient in

¹⁷⁹ Althusser, *On Marxism*, §2, in Althusser 1997.

order to improve or to reach a good calculation of what is “naturally” (or “pragmatically”) preferable to do.

4 - Economic value of a product: inter-referentiality among arbitrary conceptions

We can look at another emblematic example of how an intended “socially revolutionary” economic reform can be unmasked as being a reaction produced by arbitrary conception of naturalness proper of the dominant socio-economic structure. Although it can be recognized as doing justice to the needs and desires of the other, the vision of how the other’s needs should be satisfied reflects an idea of the natural socio-economic relations which is the product of a re-articulation of the “old” arbitrary authorities. This is what one can conclude from Marx’s severe criticism of the Proudhon theory of value contained in *Philosophy of Poverty*.

What the French socialist neglects in his attempt to reduce inequality in economic exchange is that the “naturalness of the other”, what stands out and can be legitimated as the “other’s necessity” within a context can only be constructed through a system of values inherited from the preceding arbitrary authority. According to Proudhon, the central contradiction of the market economy is that, generally, «the use-value of a commodity is inversely proportional to its exchange value», in the sense that «value decreases in proportion as production augments, and reciprocally this same value increases in proportion as production diminishes»¹⁸⁰. Such a contradiction leads to a struggle between the two kinds of values, which mirrors the attempts to make profit made by some individuals, on the one hand, by increasing the exchange value of their products through manufacturing and, on the other hand, through the process of large scale production which creates profit at the cost of inevitably lowering the exchange value of a commodity:

While, by industrial progress, demand varies and multiplies to an infinite extent, and while manufactures tend in consequence to increase the natural utility of things, and finally to convert all useful value into exchangeable value, production, on the other hand, continually increasing the power of its instruments and

¹⁸⁰ Proudhon 2011 [1847], Chapter II, § 1.

always reducing its expenses, tends to restore the venal value of things to their primitive utility¹⁸¹.

The effects of this struggle, Proudhon says, «are well-known: the wars of commerce and of the market; obstructions to business; stagnation; prohibition; the massacres of competition; monopoly; reductions of wages; laws fixing maximum prices; the crushing inequality of fortunes; misery»¹⁸². The central proposal of the French philosopher pivots on the attempt to reformulate the method in which the economic and social value of a product – and therefore of the labour behind it - should be calculated. Proudhon is a critic of private property, of «parasitic middlemen» and an advocate of worker cooperatives and credit unions¹⁸³. These convictions are grounded on the commitment toward an idea of society in which what one obtains and how much one is remunerated by her social environment depends on no other but her “real” contribution to the society. The central issue is therefore, for Proudhon, to dismiss all the social and cultural structures which lead to an estimate of the economic value of an act of production which does not do justice to what is “naturally” perceivable as the real contribution of an individual to society – and, then, which does not do justice to what is “naturally” preferable to do and to receive for such individual.

Social class division and capitalist competition make the value of a labour product be determined not by the genuine contribution of an individual to a society but, on the one hand, by a mechanism of exploitation of labour forces aimed at increasing private profit and, on the other hand, by the consequences of capitalist and government devices set up in order to deal with competition - such as, for instance, the establishment of trade barriers and the implementation of new technologies and organization of labour whose purpose is to impose on the demand the convenience of certain products over others. These continuous processes cause relentless formations of discrepancy, throughout the global economy, between the creation of use-value and the exchange-value of the corresponding products.

We need, therefore, to overcome the contradiction between the two kinds of values by founding our criteria of evaluation and remuneration on a factor which allows us to focus purely on the contribution of any human being. We need to “isolate” and consider that factor apart from the antinomies of political economy and the practices it pro-

¹⁸¹ Ibid.

¹⁸² Ibid.

¹⁸³ See Chretien 2013.

pounds, which lead to «the affirmation of the incommensurability of values, and consequently the inequality of fortunes, as an absolute law of commerce»¹⁸⁴. We have to go beyond – as Derrida would say – such a restricted ethics or economy and concentrate on what the “spectres of the others” would demand and, consequently, formulate an economic reform which, despite its being inevitably public and “general” – and, therefore, “abstract” – would do justice to a particular category of exploited people.

The measure Proudhon proposes, nevertheless, can be defined as reflecting a “naturalness” of the other only if our awareness of what is “natural” involves the equality of quantitative, abstract work – typically performed within a factory by the proletarian. The measurement of what is naturally required by an individual as compensation, after we get rid of exploitation, does not take into account imbalances in efforts, equipment and capabilities because it is in function of a previous modality of measurement of labour. It is a reaction whose “nature” is dependent, therefore, on a preceding perception of what natural necessities and desires are.

According to the French author, in fact, the factor we need to focus on in order to concentrate on the other’s concrete need, contribution and nature is the time taken by a worker to produce something as measure of the value of the product itself: «What Proudhon is proposing, in practical terms is that one commodity which requires, for instance, four hours to produce will exchange with any other commodity that requires four hours to produce. For Proudhon this would be a situation of equality: equal contributions to society receiving equal rewards from society»¹⁸⁵.

Since any individual would be necessarily rewarded with a product which needs the same amount of time to be created, according to Proudhon, the devices to deal with competition which I quoted above would be impossible to be implemented. Any technological and organizational innovation would only serve an equivalent contribution to the creation of use-value within an economy and would be consequently adjusted to this aim. Reciprocal solidarity and «justice to the other’s needs» would arise, therefore, as a consequence of the fact that a discrepancy between use-value and exchange-value would be made impossible. The only value sprung up by labour would refer to human contribution:

¹⁸⁴ Proudhon 2011 [1847], Chapter II, § 1.

¹⁸⁵ See Weiss 2009.

Now, what change does the idea of value undergo when we rise from the contradictory notions of useful value and exchangeable value to that of constituted value or absolute value? There is, so to speak, a joining together, a reciprocal penetration, in which the two elementary concepts, grasping each other[...]. A value really such — like money, first-class business paper, government annuities, shares in a well-established enterprise — can neither be increased without reason nor lost in exchange: it is governed only by the natural law of the addition of special industries and the increase of products¹⁸⁶.

This reform seems to be a “reduction” of all “external ethics” - as criteria to assess the economic value of the event of something - to the “singular” ethics of the other. It appears in fact as a recommendation to calculate any singular contribution of an individual to society and, therefore, what “would be preferable for her to do”, including what would be preferable to receive, within each singular event. It would be coherent to affirm that the radicalism of Proudhon’s proposal hides, as a fundamental motif, an openness to the legitimacy of any singular “natural” demand and desire of the other. A demand which would be “natural” not as a deduction from some abstract natural laws but as a consequence of a singular and contingent calculation of, in this case, each individual’s amount of effort within a context. This calculation would recall each individual’s demand to satisfy an amount of personal concrete effort with the product of another equivalent effort and would put the demand and the benefit of the other as having priority in respect of any other criteria for the re-adjustment of an economic general logic. But what Marx shows us, in his criticism, is that a reform and a calculation based on the singular response to the other’s “coming” can be misleading and disclose an arbitrariness and partiality which are equivalent to or originated from the “old” system of arbitrary authorities. The singular authorities – which are not necessarily “individuals” - to which Proudhon wants to be loyal have a different perception of “naturalness” in respect to the authorities implementing the products exchanges which Proudhon debates. These latter will manifest the perception of their natural needs once the imbalances due to a disparity of labour quality will have emerged. What Marx makes us consider is that, first of all, the criterion of evaluation of a product considering the time “taken to realize it” has been set as a feature of the typical capitalist way of production and exploitation: «It is important to emphasize the point that what determines value is not the time taken to produce a thing, but the *minimum* time it could

¹⁸⁶ Proudhon 2011 [1847], Chapter II, § 2.

possibly be produced in, and this minimum is ascertained by competition»¹⁸⁷. Marx insists that the pragmatic custom whereby an individual's work product is evaluated by the minimum amount of time taken to realize it is the very mechanism through which exploitation and inequality arise. Through the device of only paying this abstract labour-time – indifferently from technological progress and disparity in ability – in a manner which is sufficient to keep workers operative, the capitalists manage to enjoy surplus value. Abolishing this exploitation, while maintaining the use of remunerating abstract labour through a time criterion, does not contemplate the fact that «labour is unequal at an individual level»¹⁸⁸. Marx points out that, by presuming Proudhon's system,

if there is an exchange of these two products, there is an exchange of equal quantities of labour. In exchanging these equal quantities of labour time, one does not change the reciprocal position of the producers, any more than one changes anything in the situation of the workers and manufacturers among themselves. To say that this exchange of products measured by labour time results in an equality of payment for all the producers is to suppose that equality of participation in the product existed before the exchange¹⁸⁹.

The elements of the unevenness among workers' capacities, of the technological innovations and of the variability of demand play a role – within a context which includes modern industries and means of communication – which cannot be harmonized and put into relation with the amount of time spent by a worker, if we want to construct a logic of the economic value based on this latter factor. Within a similar context, in fact, the authorities of the workers claiming an equitable retribution for their effort are inevitably interrelated – not only within a society supposed to be already divided into classes – with the authorities obtaining an advantage from a certain juncture which concerns the elements of worker capacities, technological innovations, and variability of demand, etc. Within a class-structured society, such as a “traditional” capitalist one, the advantage given by a particular behaviour of these factors to particular authorities is typical in the profit achieved by the owner. Profit achieved when a favourable demand, the workers capacity and a superior technological efficiency allow him to draw a surplus value from labour, not-perceived by the workers, once the labour «is measured as such by the labour time needed to produce the labour-commodity. And what is needed to produce this

¹⁸⁷ *CW, Vol. 6*, P. 136 (available at <https://www.marxists.org/archive/marx/works/cw/>).

¹⁸⁸ See Chretien 2013.

¹⁸⁹ Marx 1956 [1847], P. 57.

labour-commodity? Just enough labour time to produce the objects indispensable to the constant maintenance of labour, that is, to keep the worker alive and in a condition to propagate his race»¹⁹⁰.

In this case, according to Marx, unevenness among worker capacities, technological innovations and variability of demand – as well as private property of means of productions, as a condition of the same - “create” authorities capable of exploiting worker’s labour. And this is for the very fact that the relative value of labour is defined by an arbitrary measure of «minimum labour-time to produce a product», a measure which can be perceived by some authorities as fairly calculating an effort and, therefore, a right to receive but which ignores that *this logic is socially interrelated with and co-dependent on the former authorities logic* and the social effects on the distribution this provokes.

Proudhon’s attempt seems to be precisely to successfully accomplish such a fair calculus of the individual effort to contribute to society and of the right to receive from it, going beyond the toll paid to elitism characterizing the ownership of the means of production. But in the case of the society envisaged by the French author, unevenness among worker capacities, technological innovations and variability of demand would bring about an equivalent inequality because they compromise, again, «equality of participation in the product»:

Suppose for a moment that there is no more competition and consequently no longer any means to ascertain the minimum of labour necessary for the production of a commodity; what will happen? It will suffice to spend six hours work on the production of an object, in order to have the right, according to M. Proudhon, to demand in exchange six times as much as he who has taken only one hour to produce the same object¹⁹¹.

¹⁹⁰ Ibid, Pp. 55-56.

¹⁹¹ Ibid, P. 73. A notorious comparable conviction is reflected in Ricardos’s attempt to prove that, even considered all the relevant “exceptions”, the value of a commodity “essentially” derives from its «embodied labour», the quantity of labour necessary to produce it. To put aside as “non-essential” several elements such as the different efficiency of instruments, capital and labour itself, as well as the capacity and velocity in intercepting demand and other factors like variable taxation can lead an authority to prefer a particular kind of perception of naturalness during an ethical evaluation. Ricardo himself progressively recognized the significance of his readers objections, even though he never gave up searching for a solution to maintain the quantity of labour as a dominant factor – or to present a good exposition of this quantity as a “telos” - of an explanation of commodities value. Here is an example of how J. H. Hollander presents the major criticisms to Ricardo’s semi-essentialism: «Adam Smith had been careful, Torrens stated, to limit the principle that the quantity of labour measures value to the first and rude state of society; and Ricardo, in going further, had gone wrong. Ricardo admitted that the principle which he had asserted would not hold of capitals possessing unequal degrees of durability, but said they were exceptional cases. They were not the exceptional, but the common cases, replied Torrens, and therefore Ricardo’s principles were entirely subverted by them. Even when the capitals possessed equal durability, the labour which

In a similar scenario what is determined as the economic value of something is in function of certain elements developed as contingent and arbitrary tools by “preceding” authorities. Such an economic value can only be constructed through a system of values inherited from the preceding arbitrary authority. In this case, in fact, Proudhon engaged himself in an examination of the “natural” needs and merits of a worker and tried to improve the method to fulfil them. The problem is that such an improvement appears as an inevitable “reaction” to, and new articulation of, elements proper of the old system of authorities and of what has developed – within this system – such as the awareness of the needs and merits of a worker. Such an awareness and its new articulation, therefore, carry with themselves all the partiality and arbitrariness typical of any arbitrary system of authorities. The arbitrariness is expressed, in this case, by the circularity of the argument whereby the pure measure of labour-time of a worker – in function, at least within a capitalist system, of a calculus of what is needed to maintain her performing this amount of labour-time - represents the index of how much a worker contributes to and needs to receive from society because such a measure represents the “index” of the worker’s effort and, therefore, utility.

Proudhon tried to fulfil the necessities which a certain image of the Other, of the proletarian, appeared to recall by making that index as fair and equal as possible. Proudhon’s purpose was, in the end, to set a typology of calculus whereby the merits and the necessities expressed by a *certain* image of the Other can be fulfilled. His primary proposal was, therefore, to impose a fair reward for what has been perceived as the contribution of a worker to society. But the intention of granting equal degrees of reward to equal times of labour to *any* worker – not merely in function of the minimum necessary to maintain the individual working the necessary time to realise a precise product – maintains the same circularity of argument. It rearticulates the same arbitrariness as certain conceptions of “contribution” and “effort” which do not take into account that a pure calculus of the time necessary to produce something is not coincident with a calculus of

they put in motion might be different and unequal; but competition would still bring the value of the products to the same point. Hence, although equal values no doubt emerged when equal capitals set equal quantities of labour in motion, there need be no necessary connection between the two circumstances, and the values might be equal in quite different cases also. It was not, therefore, the quantity of labour that determined exchangeable value; and Ricardo had mistaken "an accidental coincidence for a necessary connexion." [...] Even more clearly than Torrens, Malthus emphasized the impracticability of the labour measure in the case of commodities produced by different proportions of fixed and circulating capital or by identical amounts of capital used for unequal periods of time. To these admitted exceptions to Ricardo's measure he added three new categories, arising respectively from (a) "the quantity of foreign commodities used in manufactures," (b) "the acknowledged effects of taxation," and (c) "the almost universal prevalence of rent in the actual state of all improved countries."» (Hollander 1904).

the individual effort of each worker, nor with each individual contribution or need from society. To neglect the fundamental bearing of contingent factors such as different levels of worker capabilities, different levels of technologies and variability of demand makes Proudhon's proposal potentially contain the same kind of imperfections in the calculus of the economic value of an individual's work which underlie situations of disparity - typical of a class society - such as the ones which even Adam Smith explicitly recognizes: «Though the manufacturer has his wages advanced to him by his master, he, in reality, costs him no expense, the value of those wages being generally restored, together with a profit, in the improved value of the subject upon which his labour is bestowed»¹⁹².

5 – Economy of the Other as a function of previous distribution of interests and potentialities. The case of Venezuela

A - The material dialectic of the formation of the Other

The major purpose of the present chapter is to analyse how the effort to do justice to the “singular” naturalness of the other cannot be, *in principle*, ethically or ontologically different from the evolution of the authority of a dialectical thought. The manifestation of the other as a certain particular, arbitrary authority compels us, in fact, to face the aporia whereby any desiring authority composes its desires on the basis of a certain arbitrary context of dominance and economic opportunities which “appear” to it, but which are as contingent and “ideological” as a dialectical form of reason. Hence, the impossibility of deciding whether to give credit or not to the awareness of what would be preferable to do for such an individual authority. In the case of the authority hypothesised by Proudhon, for instance, within its “naturalness”, the perception of elements such as different demand and technologies are not involved. The awareness of the importance of these factors is brought by the “naturalness” of other numerous authorities – *not necessarily different individuals* in respect of the former. The question, nevertheless, is studied not from a point of view of involving “self-awareness” in a classic sense, but from the view of a purely pragmatic success of the relation of forces which an authority is.

¹⁹² Smith 2005 [1776], P. 270.

What I am reformulating here is the concept of Marxist «class consciousness». In this new sense, an authority's failure to "be conscious" of socio-economic mechanisms – as mechanisms of power - which make it suffer in a given situation is not the result of an incapability of grasping what "reality" is. It is, rather, the consequence of numerous authorities – with their individual logic and naturalness – continuously overlapping each other and pragmatically interfering with each other's "ideal" - to some extent "private" – naturalness. Seen from this point of view, the failure of an authority is just a pragmatic failure, due to the fact that its singular, *secret* conception of what the world should be collides pragmatically with pragmatic instruments and visions of naturalness proper of other changing authorities.

In the case I have been referring to, what would be "natural" to conceive for certain authorities within the "secret" of their singularity is that, in order to obtain equal rewards for a production, it is sufficient to realize equal pure psychophysical times of effort– independently of the level of technology and ability used, as well as from the exact rate of demand for a product. This conception clearly assumes elements which are definitely arbitrary, the respect of which would lead Proudhon's ideal scenario to represent a situation where society would distribute "from each according to his ability, to each according to his need". This would be the ideal result, in effect, if one presupposes that any worker goes through her entire work-time in a perfectly honest performance, fully exploiting her working capacities, as well as honestly and correctly following the available information about the typology and amount of her market demand. An authority of the other, such as the one acknowledged by Proudhon, needs to perceive as prevailing – within its own private, singular conception of naturalness, of what is preferable to do – these elements or elements of similar features in order to match the relevance of the difference in the respective capacities and technologies within the goal of a just society.

The continuous clash of "this arbitrary other" with other arbitrary authorities and kinds of naturalness makes the economic weight of an act such as the «gift to the other without calculation» recommended by Derrida as similar or equivalent to the one proper of a dialectical *restricted economy* decontextualizing itself.

Derridean "phenomenology" of the authentic moment of gift seeks to outline an economic decision which, even though it always has to carry out a type of calculus «related to the economy», also always interrupts the "public", common restricted «economic circle» - supposing that, given Derrida's premises, one can talk about *one* public system of exchange or reciprocity:

Now the gift, if there is any, would no doubt be related to economy. One cannot treat the gift, this goes without saying, without treating this relation to economy, even to the money economy. But is not the gift, if there is any, also that which interrupts economy? That which, in suspending economic calculation, no longer gives rise to exchange? That which opens the circle so as to defy reciprocity or symmetry, the common measure, and so as to turn aside the return in view of the no-return? If there is gift. the *given* of the gift (*that which* one gives, *that which* is given, the gift as given thing or as act of donation) must not come back to the giving (let us not already say to the subject, to the donor). It must not circulate, it must not be exchanged, it must not in any case be exhausted, as a gift, by the process of exchange, by the movement of circulation of the circle in the form of return to the point of departure¹⁹³.

The problem we face is that any «interruption of an economy» already means to rely on an awareness of another arbitrary authority or of a conflict between authorities, each of them with its proper and arbitrary conception of what the economic value of labour or of a product is or should be. This value is “arbitrary” because it is always represented by a certain social feature which is seen as valuable per se in order to mirror what justice should be, despite the fact that it is already the product of certain imbalances of distribution of resources and instruments. In the case of Proudhon such a value – and social feature - is the amount of individual effort-time spent in doing a job. But it is already the result of different capabilities and technological opportunities, distributed in an arbitrary and contingent way. The predictable outcome of such an imbalance is, in fact, the pragmatic dissatisfaction of other authorities throughout time.

The specific preference of a value comes from the particular and private constitution of an authority, from its “singular” environment and “nature”. The arbitrary perception of what would be valuable per se according to an authority is not the product of an “illusion” compared to the “real” nature of things. It is what would be, “in general”, natural to be and to do if all the other events of authorities possessed the same naturalness as the former event of authority. This elucidation may appear redundant, but it is important in order to understand that scepticism towards Derrida’s aporetic calculus in function of the Other does not arise from the supposition of a possible “more competent” and scientific authority than the contingent singular other. It is not coming from an attempt to overcome contingency but, rather, from an acknowledgment of the impossibility of off-

¹⁹³ Derrida 1992, P. 7.

setting contingency effects through a justification of an ethically preferable general attitude, even though it be aporetic.

The determination of the “singularity” of the Other is, moreover, problematic. Although any event-of-the-other is singular, any rupture which an event performs has to hold a justification of itself as a reaction to a transformation of a preceding arbitrary authority. The new event has to maintain signs of the preceding proper naturalness and arbitrariness, since it arises by including and adjusting this latter. As with any dialectical event of improving an absolute Reason, an event of the other is a re-articulation of certain arbitrary socio-economic criteria of assessment as intrinsically valuable into other criteria which are justified, in their features, by their being a reaction to the previous authority. Such dynamics of justification of an arbitrariness through another is what makes the act of confining a “singularity” difficult, not only in the sense that this latter’s contingent character is never just «its own», as Derrida would agree. It makes that confinement difficult also because a justification through preceding arbitrary characters is an arbitrary inter-referential justification. That is to say, again, a justification which assumes – in a reaction to a preceding submission to an arbitrary kind of dominance - certain socio-economic needs and behaviours as less contingent and takes, therefore, a certain group of characters as intrinsically valuable in order to realise an improvement. This inter-referentiality makes a logic-of-the-other likely to be justified “a priori”, indifferent of the possibility that a certain Other may already develop – or involve in its social relationships - other “naturalnesses”, through the manifestation of its spectres, instead of drawing a suitable outcome from the application of “its” arbitrary logic. An inter-referential justification, once it imposes itself within an attitude of “openness to the other”, is always in danger of conferring its violent identity to any coming of the other. The problem of discerning “where” the gift unconditionally given to the other begins to turn to poison is the question of examining to what extent an event of the “other” can be treated as a singularity to be hosted under a certain logic without violating - with an arbitrary preferability - the legitimacy of the changing authorities forming that event.

The event of the Other is an expression of needs and interests which remain blind to certain contingent imbalances of power already intrinsic in the social structures revealing such needs and interests. This indifference is doomed to remain such until those imbalances are practically perceived as an annoyance by other contingent coming “others”. A

situation of this sort is likely to occur when the perception of a greater popular economic wellbeing is commonly associated with access to precise typologies of goods or instruments.

It is useful, therefore, to have a look at one of the conceptions of the justice to the “other” in the state of Venezuela, in which the respect of ordinary and low class-citizen necessities has been coupled with the public exploitation of an economic device interpreted as the main and most productive national resource: oil industry.

In effect, the prevalence of a situation in which a government supplies high gasoline subsidies in order to maintain its price low – with all the collateral imbalances which it produces – is often easily explained as a cultural attitude whereby the “awe” and respect of the singular, private necessity and sovereignty of the other is to be preferred to general, common-sense economic rules:

we identify potential reasons behind the persistence of this situation: the “*Caracazo*” of 1989, a three-day long set of riots, looting and fierce police and military repression, triggered by an unexpected increase in gasoline prices, remains in the psyche of politicians and citizens alike. There’s, then, a prevalent belief that given that Venezuela is a major oil producer its citizens have the right to access fuel at cheaper prices [...]The subsidy has been utilized to effectively appease the urban middle and upper classes as well as the transport sector; the latter being a highly organized and effective pressure group¹⁹⁴.

Through a survey of the economic history of the country, one can ascertain how the conditions of possibility of such «prevalent belief» and «appeasement» also explain the origin of the arbitrariness of this conception of doing «justice to the other».

Even though it is empirically “public”, the choice of Venezuelan governments would work well within the sphere of an ethics whereby the reason of a decision of responsibility ought to remain “secret”, in the sense that it has to dismiss any general economic guideline and focus on the calculus of the singular, contingent preferability of a certain other. In this respect, the arbitrariness of the sacrifice to the other assumes the features of its being “arbitrary” because it is publicly contrasted with general, common-sense economic alternatives. These, in turn, are refused by the perpetrator of the decision because their justification appears to discriminate the singularity of the other, because they

¹⁹⁴ Barrios and Morales 2012, P. 2.

appear to be arbitrary compared with the other. The character of undecidability, of aporia in the problem of choosing between two arbitrary authorities concerning a similar scenario has nothing to do with rhetoric or with an exaggeration of hyper-philosophical languages: it reflects a head-on conflict between authorities whose justifications stem from the possible acceptance of values which are inter-referentially explained as economically preferable. Such an economic conflict, is often not the product of two or more monolithic ideologies clashing with each other, nor simply the consequence of a communication failure in the dialogue between different economic schools and experts; it is the manifestation, first of all, of different “naturalnesses”, different legitimacies – in the inter-referentiality of the justification of a value as preferable - which find their explanation in historically functioning and “real” – not “false” or illusory – economic structures.

Let us see, first of all, how the case of Venezuela can be described as an outcome of a widespread reliance on the natural potentialities of a technology, a reliance which is at the root of the later pledge to carry out, in order to do justice to the other, precise socio-economic values within Venezuelan society.

It is important to notice that several studies which attribute Venezuela’s economic development, from the Thirties onwards, to the oil industry cannot separate the socio-economic exploitation of this technology from a certain circularity in the rationality proper of the economic policies concerning it. In fact, the contribution of the oil industry to the economy – and, in general, the growth of the overall economy of the country - has been handled and improved mostly through policies whose aims have been justified by criteria focused on the good functioning of the oil industry itself, rather than on an overall productive and growing society. Venezuela seems to have suffered what Akiyama, Mitchell and Varangis refer to as unsustainability of commodity booms:

the economy of developing countries are heavily dependent on commodities [...] When revenues from commodities exports increase, governments are tempted to make long-term spending commitments based on what turn out to be short-term price rises[...] In the post-oil boom Nigeria of the 1970s and early 1980s, the shortfall of revenues was so severe that external borrowing had risen dramati-

cally even before oil prices began to fall. It was much the same story in Venezuela[...] ¹⁹⁵

The decision of the country's governors to interpret the "natural", pragmatically preferable economic development of Venezuela in function of an efficacious functioning of the oil industry technology not only meant to imprudently rely on its revenues. This decision engendered, above all, the material construction of economic tools and organizations in which natural skills, labour forces and technology really could only work – at least in their immediate "natural" appearance, operating as such within the perception of certain authorities - in function of petroleum exports and its behaviour. It coincided with the creation, among Venezuelan classes, of particular, material social and economic desires and needs which those people perceived to be their "natural" one within Venezuelan society.

To this corresponded, also, the limited creation of alternative export sectors and, therefore, the creation of highly *specialized* sources and ways of creating wealth and employment. The text I have just quoted refers to this as a process which undermined the national diversification effort – or, we could say, modified its natural-pragmatic capabilities: «Another problem associated with commodity booms is a slowdown in diversification. Since producers often have few investment alternatives, windfall revenues are invested in the booming commodity subsectors – even when producers are aware that the boom is temporary. This can lead to overcapacity and much lower prices later and can have long term effects on a country's diversification efforts» ¹⁹⁶.

The growth of the oil sector and the utility it had in the transformation of Venezuela into an industrialized country, therefore, cannot be detached from the creation of productive tools and habits which ended up as prevalently dependent on the performance of petroleum exports. What the development of that sector created was, in other words, what for Venezuela was "natural" to produce and exploit.

In a study analysing the correlation between the economic expansion, and sudden collapse, of the country and the preponderance of oil exports, Hausmann and Rodríguez highlight that factors which were consequent to the fall of oil export - such as the lack of alternative exports and fall in capital stock - triggered Venezuela's economic decline at the end of the Seventies. These were not "side effects" of its economic context but in-

¹⁹⁵ Varangis et al. 1995, P. vii.

¹⁹⁶ Ibid, P. viii.

trinsic failures of the type of organizations, technologies and growth – of the “nature” - Venezuela chose to achieve:

Venezuela’s inability to develop an alternative export industry has to do with its starting pattern of specialization. Countries are able to enter new export markets only if the new goods are similar to those that it currently produces. It is only in that way that it can take advantage of its specialized inputs, technical knowledge, and institutional configuration in producing a good that it has not produced before. The existing patterns of specialization of countries will have an effect on the emergence of new export goods. Some countries will have the luck of producing goods that are similar to many other high-value goods. They will thus have little trouble shifting production to those new goods. Other countries, in contrast, will occupy sparser regions of the product space, in which few goods are sufficiently similar to those that they currently produce. Venezuela – like most oil exporting countries – occupies such a region¹⁹⁷

To say that the difficulty of shifting production when the oil revenues started declining is an “intrinsic” effect of the type of technological organization in Venezuela does not mean that the possibility of a different investment policy during its history could have been excluded as unattainable. It means that the pragmatic attitude pushing the economic actors of this country throughout a large part of the twentieth century responded to a certain convenient structure of development which supposed a certain rationality, part of which corresponded to the neglect of certain other kinds of technology. It means that the «contingent necessity» proper of certain “Venezuelan” authorities coincided with a structure which revealed itself as pragmatically fallacious only because other authorities – in this case, the ones which, in an international context, contributed to the fall of oil revenues – contingently intersected their naturalness with that “Venezuelan” «contingent necessity». This intrinsicity does not even imply that the economic authorities were conscious of such a lack “hidden” within Venezuelan society and decided to push toward the ‘ideal’ just described anyway. It entails that their actions constituted a certain, again, «contingent necessity», a structure in the organization of *their* context whereby, by then, it was inevitable to react to difficulties in a limited spectrum of ways, given its “naturalness”:

¹⁹⁷ Husmann and Rodriguez 2014, Pp. 28-29.

had there existed an alternative export sector in Venezuela in 1980, the growth of that sector would have played a stabilizing role in the country's reaction to falling oil revenues. In its absence, the domestic economy had to react to adverse oil shocks by contractions in domestic production. Theory predicts that this process will continue until (i) the fall in oil revenues is halted (ii) the real exchange rate falls sufficiently to make the production of non-oil tradable competitive¹⁹⁸

Notice, again, that this is not the same as saying that an alternative was in general impossible to implement, either during an oil revenue shock or to prevent its effects. The restriction is not to be found in the overall spectrum of possibilities but, instead, in the awareness of the involved authorities, in their conception of the "material" necessities of the country. An awareness which is produced – but not strictly determined - by contingent "daily" – Marx would say – material conditions and distribution of resources.

B – Response to the Other as an (apparently) necessary dialectic

Such "material conditions" of reaction have been structuring the arbitrary move identifiable with a gift to the other in Venezuela. A "disappearance" of the possibility of any diversification effort within the industrial planning of Venezuela, in effect, settled an economic structure where an attempt to develop a modern, post-industrialization level of well-being among lower and middle classes could seemingly resort to two alternatives.

One of them has been to try to maintain, in any case, the benefits obtainable from the oil industry completely focused on directly supporting people's "quality of life", by means of subsidies and lower gasoline prices. The popular pressure which has been characterizing these kinds of measures has been driven, we will soon see, by the fact that the other well-known significant alternative, in order to achieve similar social goals, turned out to be a resort to a certain arbitrary "authority", as arbitrary as relying on a specific functioning of the oil trade.

Let me remark, again, that the inability to create different products to sustain the economy was, by that time, fruit not only of a "mental" obstacle but, above all, of a material distribution of instruments which made it "harder" to conceive a Venezuelan natural

¹⁹⁸ Ibid, P. 35.

propensity as different from the established perception: «A first look at export performance since the 1980s seems to suggest that there has been some growth of non-oil exports during the period of collapse, as would be expected by the models discussed in the previous section. However, the growth has been unexceptional by just about any standard»¹⁹⁹. The work by Hausmann and Rodríguez also provides a technical explanation of why Venezuela was unable to shift – in order to maintain a certain well-being among its people – to the production of new kinds of exports:

why was Venezuela incapable of experiencing a similar productive transformation? Answering this question requires a theory of the evolution of comparative advantage. [...] Such a theory has been proposed recently by Hausmann and Klinger [...] Countries are more likely to develop a comparative advantage in goods that are “closer” to the goods that they currently produce. Theoretically, we would say that two goods are close to each other if the specialized inputs necessary to produce one can also be used to produce the other²⁰⁰

The study continues illustrating through two formulae the method Hausmann and Klinger propose in order to estimate what goods are exported together and with what frequency. According to the empirical criteria they use, «formally, product similarity is given by the minimum of the conditional probabilities of exporting one type of goods given that you are exporting the other one»²⁰¹. This measure of proximity, consequently, «can be used to build an indicator of the value of unexploited opportunities for export that can be particularly useful in our study»²⁰². Such a measure, which they call a country “open forest”, «thus captures the flexibility of an economy’s export basket, in that it measures the value of the goods that it could be producing with the inputs that it currently devotes to its export production. *Open forest* is particularly appropriate for thinking about an economy’s capacity to react to adverse export shocks context»²⁰³. Such an index is, for Venezuela as for most oil exporting countries, very low, as shown in a diagram in the same text²⁰⁴.

To sum up: the political decision – maintained throughout the middle part of the twentieth century – to construct Venezuela’s economic development around the oil industry created certain material structures and social interests, functional to this context. These

¹⁹⁹ Ibid, P. 36.

²⁰⁰ Ibid, P. 38.

²⁰¹ Ibid, P. 39.

²⁰² Ibid.

²⁰³ Ibid, P. 40.

²⁰⁴ Ibid, P 69.

acquired the feature of been the “natural” structure of the country’s economic system and this has appeared in the fact that its economic life, since then, has been managed in function of the allocation of interests, resources and capabilities arisen in this context. This was either because a change in the overall model was difficult to implement or, one may suppose, because of simpler questions such as seeming personal convenience by the actors. Such allocation of interests, resources and capabilities has been constituting the “daily” needs and desires of Venezuelan people and, probably, the awareness of what Venezuelan necessities and possibilities are in the minds of Venezuelan politicians – indifferently to the existence of a possibility of a structural change of the model.

The second alternative in order to revitalize the country’s market and population well-being has been to cling even more tightly the potentialities of Venezuela to a nature of typical one-commodity exporter country. That is to say, to openly acknowledge an incapacity of setting up other competitive typologies of production except by opening up national market and infrastructures to actors who own further instruments and whose authority involves investments in and utilisation of national human and natural resources. In the face of «overcapacity of specialized production», in effect, «liberalizing and developing financial markets can provide alternative investments. Underdeveloped domestic financial and capital markets, however, may not be much of a problem if producers can invest freely abroad»²⁰⁵.

The character of necessity in such an economic development and the correlated decisions – such as oil subsidies or «neo-liberal» policies – is the effect of the application of criteria which only consider interests and potentialities which are strictly in function of the “present” distribution of credit and resources. The most famous event representing a «neo-liberal» attempted policy and the perception of it by the population as an imposition of an arbitrary authority with its contingent preferable values was the 1989 president of Venezuela Carlos Andrés Pérez’s choice to introduce elements of economic openness to foreign private investors – with the implied measures of austerity in order to assure such investors of the level of financial equilibrium and inflation of the country – and the well-known turmoil which followed in Caracas:

in February 1989, president Carlos Andres Pérez, having just recently taken office for his second term, launched a neoliberal/free-market reform characterized as a “shock program” of economic austerity measures following the recommen-

²⁰⁵ Varangis et al. 1995, P. viii.

dations from the International Monetary Fund. Pérez's Plan de Ajuste Económico lacked political support due to its sudden implementation. Most importantly, the plan included the withdrawal of subsidies and price controls on a broad range of public services and consumer goods, including gasoline prices. The reform also initiated the *apertura*, or the opening of the economy to the world, once again allowing PDVSA [Petróleos de Venezuela Sociedad Anónima, the nationalized oil and gas Venezuelan industry] to enter into joint ventures with foreign companies and allowing private investors back into the Venezuelan oil and gas industry. The government's austerity measures, coupled with the sudden increase in consumer prices, and fuelled by the perception of the government continuously mismanaging funds contributed to mounting tensions among the new middle-class poor²⁰⁶.

The popular perception of the inadequacy of private enterprise business in playing an economically equitable role in the recovery of the national market can be reduced to a mere "ideological" issue – a nationalist-anti-neoliberal impetus – only if one abstracts oneself reasoning from the "pragmatic structures" which constitute the singular naturalness of most Venezuelan people. Austerity, price control, liberalization of market and full or partial privatizations of companies could take on the role of reliable factors in order to trigger a suitable improvement of productivity for Venezuelan people only if the values assumed as circularly preferable-per-se which they bring – the creation of private enterprises capitalising on pre-existing resources by means of new material-financial tools - could be applied to the "nature" of the Venezuelans purely in function of an achievement of what would be preferable to do for them.

We would need to suppose, in a similar case, the certainty that the production and distribution of resources of these new activities – through a suitable choice of the allocation of the investments, equitable worker compensations, etc. – have as an end only a fulfilment of the Venezuelan's needs and desires. An end which has to be the fruit of a "direct" calculation and not an assumed "necessary effect" or side-effect of the implementation of the value of «creation of private enterprises capitalising on pre-existing resources by means of new material-financial tools» itself. In this latter case, in fact, these measures would reflect a situation which can be compared with what Derrida would reproach as a dialectical prejudice, a close economic circle, an ethic manifestation of the

²⁰⁶ Marmol 2013, P. 7.

metaphysics of presence in which a stable structure of reality is imagined as teleologically revealing itself.

That supposition, in fact, was unlikely to be accepted by the Venezuelan population. A dialectical logic is the very interpretation of the neo-liberal policies in Venezuela which can be drawn both from popular perception and from economic data and actors taking part in them. On the one hand, people were aware of the imbalances created by resource oligopolies and by wage and welfare restrictions in order to achieve international and financial competitiveness. From an institutional and political point of view, on the other hand, macroeconomic measures of public spending management, liberalizations and privatizations were economic criteria and values which were set up – and perceived – in the country not as a consequence of an unbiased calculus for an improvement of production quality, but as a reaction justified only by a historical or social “dialectic” among authorities. That is to say, a reaction whose economic models and values are formed and justified only by referring, as parameters, to the immediate and contingent needs produced by the established imbalances of the country, without any grasp of an underlying – so to say - “unbiased” calculus of potentially higher benefits to be constructed through alternative economic methods. In the case of Venezuela of the Eighties such a circular logic can be traced in at least two elements.

First, the country’s macroeconomic contingencies which I have described – caused by arbitrary decisions in production and marketing policies – brought, as we have seen, an insufficiency and misallocation of productive forces. These coincided with, on the one hand, weakness and under-exploitation of the potentialities of the overall Venezuelan economy compared with other economic actors and, on the other hand, an under-development of potentialities among certain – or most - Venezuelan people. Added to this was an inequality of income which, moreover, worsened in the last quarter of the century. As to the regional distribution of income, «growth, especially at first, was highly concentrated in Caracas and in the areas where petroleum operations were taking place»²⁰⁷. Moreover, «in terms of wage income, a decline of over 30 percent in the real minimum wage of urban workers between 1980 and 1989 was accompanied by an increase in urban unemployment of nearly 50 percent during the same time period»²⁰⁸.

Within this picture, the criteria of management of resources in a liberalized and privatized system strictly depend on the distribution of resources and interests which the ac-

²⁰⁷ Salazar-Carrillo and West 2004, P. 258.

²⁰⁸ Ibid, P. 264.

tors of the system are already able to “express” in that circumscribed time. In this way, an attempt at reanimating industrial efficiency and diversification needs to be strictly in function of the financial and technological resources already “distributed” to the actors who have to invest in it and in function of the interests they hold in consequence of such distribution. But, above all, the choices of these latter over what to produce, how to produce, where to produce and how much retribution to give to workers²⁰⁹ also depend on what workers will be willing to accept and desire in such an arbitrary allocation of resources and interests.

“Arbitrary”, this time, is used in comparison with the concrete economic interests an individual would perform in the case she were able to pursue what would be – according to her awareness - preferable to do or to be for her. “Desires” and “interests”, in this discussion, are in fact referred to as a description of the actual, existing interests a particular economic scenario forces an economic agent to follow. But even though this latter is a very technical, contextualized meaning of “interests”, its difference with the meaning of interest as «what an individual would prefer to be» is not logical-ontological but rather *pragmatic*. Both of them, in fact, are expressions of economic desires and necessities shaped and justified by their being a reaction to other contingent-arbitrary economic parameters and lean on the same circular and dialectical logic of an arbitrariness shaped through another arbitrariness. But the pragmatic structure and functioning of the latter sense of interest is more useful to figure out a contingent calculus of how a greater total happiness within a community can be achieved. To examine what an economic agent «would prefer to do or to be» should not mean to legitimate another “ideal” authority but to estimate the agent’s potentialities in the matter of goods production and consumption in order to feed them and balance them with the benefits of other authorities. It should mean elaborate decisions which are not simply justified and shaped by “daily” interests and economic values formed by a certain distribution of resources and interests, and whose outcome will not be strictly in function of this previous arbitrary distribution. But, rather, decisions which are in function of a production of resources as beneficial as possible, utilizing indications given by the values of what would be preferable to be and to create for individuals only in order to elaborate a way to produce and distribute suitable contextualized resources.

²⁰⁹ See also Richard Wolff’s criticism of the structure of company, for instance in R. Wolff, *Global Capitalism: September and December 2013 Monthly Update*, seminars held in New York, 13 – 02 – 2014, available at http://www.youtube.com/watch?v=hdr_9TVXx8g&list=UUB-5u8VgFc_TI1aAj8_SmDA and http://www.youtube.com/watch?v=C6WVLftjwhA&list=UUB-5u8VgFc_TI1aAj8_SmDA&feature=c4-overview.

Although Perez's reforms «were only partially implemented»²¹⁰, they reflected the trust given to economic values – such as liberalizations, privatizations and spending reviews. These can only operate once the investors are allowed to simply carry out their economic interests and potentialities, by making use of the contingent possibilities and interests created within Venezuelan people and producers as a result of disproportions in abilities and incomes and limited technological diversification. Effectively, throughout the continent, according to G. Albo

the social impacts of neoliberalism have been dismal. The processes of social exclusion and polarisation that sharpened in the 1980s across Latin America have continued with faltering per capita incomes and massive informal sector growth, in the order of an astonishing 70-80 percent of new employment, to the present. Here Venezuela records the same numbing neoliberal patterns of reproduction of social inequality as elsewhere: some 80 percent of the population lives in poverty, while 20 percent enjoy the oligarchic wealth produced by rentier oil revenues; the worst performance in per capita GDP in Latin American from the late 1970s to the present, with peak income levels cut almost in half; a collapse of rural incomes leading to massive migration into the cities, with close to 90 per cent of the population now in urban areas, particularly Caracas, one of the world's growing catalogue of slum cities; 3/4 of new job growth estimated to be in the informal sector, where half of the working population is now said to 'work'; and recorded unemployment levels (which have quite unclear meaning given the extent of reserve armies of under-employed in the informal economy) hovering between 15 to 20 per cent for a decade²¹¹.

A social “acceptance” of these consequences - shaped or even justified by the previous contingent economic distribution of resources-interests - is the very dialectical logic which, we can assume, has been rejected by citizens during forms of strife such as «el Caracazo» in 1989.

A second element, in which we can trace a dialectical move of an authority justified and shaped only by the previous arbitrary distribution of resources is the diplomatic-institutional aspect of the introduction of Perez's reforms. It is the second facet of the same element, as a matter of fact. In this case the way in which the choice and the ramifications of an economic model were circularly in function of the preceding imbalanced

²¹⁰ Marmol 2013, P. 8.

²¹¹ Albo 2006, P. 5.

distribution of resource-interests is displayed in a very clear way by the “necessity” of the signing of the «draconic International Monetary Fund programs»²¹² due, as well as to the factors I have already explained, to the need to borrow to compensate the expenses of renewing the huge foreign debt:

when Perez assumed the presidency, Venezuela had almost \$35 billion in foreign debt. As a consequence, a significant portion of Venezuela’s revenues was spent in servicing the debt. The president Perez was, therefore, forced to borrow money from the International Monetary Fund, which mandated drastic economic and fiscal reforms, especially in the areas of economic restructuring and the reduction of public spending. The government was forced to allow the Bolivar to devalue significantly, decree or allow drastic prices increases, reduce state subsidies for public transportations and increase the price of gasoline²¹³.

Again, that which influenced measures such as price increases and the reduction of subsidies was not a well-planned selection of what products and technologies would be suitable to invest in and, above all, it was not a well-planned effort to balance the “ideal” interests and desires of consumption of the workers with an efficient industrial growth. The character of logic necessity which exudes from this model of relations among international institutions reflects the actual interest of a lender or of an investor which only works in function of what a borrower will be willing and available to accept and desire given an arbitrary allocation of resources and of forced, “daily” interests.

The dialectical logic proper of such an economic rationality is really at odds with any kind of «justice to the other», this rationality being explainable as a developing, continuation of preceding economic imbalances, of a preceding “general” structure of rationality which revealed itself as being arbitrary – or even harmful – compared with the other-Venezuelan citizen’s naturalness. To prosecute with a focus on instruments such as fossil-fuel subsidies and low prices corresponds, from the people’s point of view, to an act of faith in the Other’s «secret» rationality, to rely on the fact that the awareness of what would be preferable to do for the other - which in this case is the figure of Venezuelan worker – would not clash with other authorities forming within the same historical context.

This is a faith in the fact that, given the distortions created by Twentieth century Venezuelan policies on oil industry, it is more reliable to leave to Venezuelans, to the major-

²¹² See Petras 2013.

²¹³ Denova 2005, P. 140. See also Madriz 1997, P. 136.

ity of the country people, the possibility of feeding their own perceived naturalness, their *own* singular awareness of what would be preferable to be in a similar context and trust the economic development which a relative low expense of families could bring through a certain consequent aggregate demand stability. This is the faith in the hope – or assumption – that a lower-class stability and a sufficient demand to trigger some convenient production are more likely to occur in this case than in a situation where the logic of some authorities is able to work by arbitrarily developing a previous misallocation of potentialities.

The reason why this model of thinking historically shows equivalent fallacies to a classical dialectical rationality is that the character of «arbitrarily developing a previous misallocation of potentialities» is not proper only of “neo-liberal” contexts but, rather, of any dialectical rise of authorities whose values are in function of their “daily” economic interests. The Venezuelan case of protracted government subsidies, in fact, can be ascribed to the attitude for which an authority awareness of «what would be preferable to do» is not studied in order to figure out a contingent calculus of how a greater total happiness within a community can be achieved, but from the point of view of its “forced”, restricted daily-life economic interests.

One of the studies in which one can locate an attempt to outline and improve the circular, “dialectical” effects of a restricted way to “subsidize the other” typical of the Venezuelan economy is the work by D. Barrios and J. Morales. Even though it relies heavily on the possibility that the government already has suitable methods and instruments to decide occupationally balanced and socially productive reallocation of resources – as well as on the absence of corruption within the democratic tools of the country – their proposal to «rethink the taboo» of gasoline policy in Venezuela is precious because it is based on data which clearly indicates the existence of “dialectical” characters in the application of the subsidies. The magnitude of gasoline subsidies as well as the practical utility they stand for cannot help but be entangled with the existing ill-distributed social opportunities, interests and instruments with the result of keeping these latter constant or making them worse.

The amount of the subsidies in comparison with GDP and the major social programme expenditures has been estimated as being such a large size²¹⁴ that the actual way to as-

²¹⁴«Comparative Magnitude of the Fuel Subsidy as a share of GDP (2010): Housing and Urban Development 0.28%

sure the success of the social purpose of the subsidies overall is make sure that their benefits are perceived in an equitable way by all those citizens who are supposed to enjoy such social programmes, so that a decently distributed well-being and a support of a diversified demand are achieved. The “ideal” economic scenario of such a «justice to the other» would imply that the aggregate utilisation of the subsidy benefits reflects the economic naturalness of each citizen and, in this way, that the national production of goods and social services would be stimulated in this direction. The intrinsic failure of such a view is displayed by the fact that even in this ideal case what would concretely express itself as “natural” economic needs, desires and interests while exploiting fuel subsidy benefits corresponds to daily-life and compelled interests. Namely, it would be strictly determined by a previous distribution of income, jobs, possibilities of purchasing private vehicles, types of transportation means needed, geographic region and so on. As Barrios and Morales refer, for instance,

regarding the distribution by type of use we find that well over half of the consumption goes to private vehicles whilst the majority of intermediate demand goes to the transport of passengers [...]the richest 10% of the population benefits from a share of the subsidy for private vehicles 27 times larger than that of the poorest 10%. This differential would have equated in 2010 to a household in the richest 10% receiving an annual transfer of 2,431.35\$ whilst a household in the poorest 10% would have received one of 162\$. [...]Meanwhile, we have that in the case of the transport of goods the richest 10% of the population accounts for a share of the subsidy that is 14.6 times that of the poorest 10%. [...]Regarding the approximate geographic distribution of the country’s private vehicles, and potentially the gasoline utilized by such vehicles, we find that over 54% of private vehicles are concentrated in Miranda, Zulia and the Capital District.

Diesel Subsidy 0.30%
 Citizen Safety Expenditure 0.34%
 Transport and Communications Expenditure 0.52%
 Tertiary Education Expenditure** 1.54%
 Health Expenditure** 2.02%
 Valuation of All Social Mission Transfers* 2.30%
 Primary and Secondary Education Expenditure** 2.51%
 Gasoline Subsidy 3.16%
 Constitutional Transfers to the Regions 3.31%
 Total Fuel Subsidy 3.46%

Sources: ONAPRE, PDVSA, MENPET, BCV, BLS and EIA

* Latest available values are for 2009 when the overall fuel subsidy represented 2.52% of GDP

** These expenditures also account for budgeted social missions expenditures in these areas» (Barrios and Morales 2012, P. 7).

[...]Furthermore, we find that in these areas, despite a higher vehicle penetration, the consumption of gasoline for private vehicles is even more concentrated in the richest income groups of the population²¹⁵.

It is clear that a social exploitation of the greatest national resource is compromised at its roots by the arbitrary social structure originating the Other to which such a measure would be addressed. What is perceived as justice to the economic rights and needs of the other is, from the very start of its functioning, displaced from its economic meaning because any authority of the other able to be outlined within the Venezuelan context is based on an awareness of naturalness coinciding with partial, daily-life, compelled and restricted interests. These interests do not reflect a calculus of the total potentialities of individuals and of the total balanced benefits and happiness which can be achieved from those.

For this reason, the final suggestion of Barrios' and Morales' work is a gradual increase in gasoline prices and the preparation of a revenue investment strategy, in which the main trade-off to be faced in managing revenues is that of long term impact vs. short-term political stability²¹⁶. It is a suggestion, in any case, which attempts to step back both from the arbitrariness of an explicit neoliberal approach and from a traditional subsidy policy, this latter being the fruit of the perception of an arbitrary naturalness of the economy of a country, due to a particular distribution of material resources and opportunities.

A responsibility toward the other in a Derridean sense, a secret relying on the other's authority is always in danger of neglecting a rigorous economic calculus which tries to take into account all the socio-economic opportunities – and to make a balance among them – , which may be not-perceived by a simple focus on the coming singularity of the “other”. It is a historical fact that in Venezuela a tendency to support a certain naturalness of – and therefore a certain “gift” to – the other has precluded and is precluding any valid alternative to recover a decent capacity of production – not only a “neoliberal” dialectical one. The praise of a general attitude “only” because it displays a responsibility toward the coming “other” may fail – despite Derrida's intentions – to consider all invisible *spectres* of the others, that is to say the potential capacities or contingently natural attitudes to produce and distribute economic resources in a way which is

²¹⁵ Ibid, Pp. 9-16.

²¹⁶ Ibid, § III.

not strictly in function of the interests rising from their existing distribution. What is needed is a production of resources and services the use of which does not closely depend on the previous allocation of credit and abilities. Also a policy of production which, instead, continuously creates or re-creates credit and abilities, according to a transparent public survey of short-term and long-term preferences among citizens concerning the production of goods and services. Training, education and technological research need to be in function only of a similar survey, rather than of stimuli created by previous specific allocation of credit, daily-life interests and possibilities. We must examine practical methods which can function as the purpose of breaking – as much as possible – the “circle of misallocation of interests” compared with total potentialities.

III

Pragmatism as an analysis of the instrumental imbalances in intersubjective agreements. The importance of the concept of exchange economy

In this chapter I specify how the prevalence of some authorities' naturalness in social decisions compromises a really pragmatist attitude. Such a prevalence can be described by means of the dialectics of reciprocal agreement among individuals who have access to differently powerful and useful instruments and, in general, to instruments which are not optimized in their overall social usefulness. I then point out that the task of looking for a genuine pragmatic thought needs to privilege, in the first place at least, issues concerning exchange economy. The concept of "instrumental maximization of reciprocal bargaining power" is, moreover, found to be consistent with the task of equality and with the idea of an ethical progress which optimizes the comprehension of what can be most satisfying for the economic actors, in contrast with the dangerous outcomes of Rorty's privilege of the figure of the liberal-ironist and of Derrida's reliance on the authority of the Other.

1 - The dialectical structure of the acceptance of an authority

In this paragraph, I will give a first definition of a dialectical attitude in relation to Rorty's neo-pragmatism and Derrida's responsibility to the Other's singularity. The aim is to explain how an understanding of dialectics can assist in the definition of economic relations of power. Here, dialectics means a transformation of rationality, thanks to an abstraction of a particular perception of necessity and desires, from the overall account of current and potential necessity and desires. After the manifestation of a contradiction, this consists in searching for what is a desirable relation of some authorities to their context, according to their contingent "naturalness". An authority in this sense is any social actor who is able to make a claim for a pragmatic transformation according to what it is "natural" for her to desire. For example, in a state where a group is unemployed and destitute, the group can constitute itself as an authority making the claim for a pragmatic change in the state of society such that the group's desire for employment and sustenance be acknowledged.

Given this definition of dialectics, I have been arguing that Hegelian dialectics, and a neo-pragmatist and deconstructionist attitude, have difficulty in answering the following questions while remaining consistent with their purpose of doing justice to authorities:

- How is “what is desirable for an authority” determined, and in what sense?
- What gives an authority the right to decide and evaluate what are “desirable relations” for her and/or for the other? And, consequently,
- How can the claims of all authorities be integrated without appeal to violence?
- Finally, how can violence be avoided in relation to the demands of some coming authorities, that is to say, in Derrida’s terms, in relation to the spectres of some coming authorities?

I have suggested an answer to the first question: the legitimacy of an authority is constructed through an awareness of a certain contextual “naturalness” or pragmatic preferability. This naturalness has to refer to the awareness of some contingent necessities and desires, arbitrarily determined by a random disposition of roles within a community. A random disposition of roles, in fact, provides any authority with a perception of – and with a certain possibility of claiming – what she currently needs and desires, which is a reaction to the particular condition of her social role. In this sense, such perception and claiming are an abstraction from other potential needs and desires which this authority would be able to perceive and claim while performing another social role. There is therefore a risk of violence to hidden or invisible potentialities, or to other authorities’ spectres that can never be dispelled, even when relying on a Derridean obsessive openness to the Other’s coming. In fact, since this latter openness concerns nothing more than a continuous becoming conscious of the ongoing modification of some authorities, it cannot help but rely on a contingent arbitrary awareness of necessities and desires. The determination of desirability is therefore aporetic because the necessary attempt to be open is always bound to fail.

I now want to focus on the practical, material and instrumental manifestations of such an aporetic way of determining that which is a desirable advancement within a community. What has been argued throughout the text, moreover, needs to be further systematized to make clear that a criticism of any dialectical prejudice inherent in the choice of a preferable value or attitude has, by “definition”, a socio-political and pragmatic aim. It

ultimately has the scope of identifying, beyond any arbitrary awareness, the individual's highest potential desires which can be possibly fulfilled.

In order to do that, I will have recourse to the concept of “dialectical equivalence” as formulated by Adorno in *Negative Dialectic*. This concept, in fact, can help to explain that the dialectical move of abstracting some desires from all the others potentially present within a society can take the form of

- 1) A pacific compromise and equilibrium among the “arbitrary” desires which each authority perceives in response to her particular role, or
- 2) An act of an explicit submission of some authorities under the desires and claims of other ones.

A conceptual identity is the submission of elements of different value – or, to be consistent with the terminology of this text, of different pragmatic repercussions – under the same conceptual category or under an equivalent level of worthiness, either in a legal or in a moral context. Such an equivalence ensures that these elements can be economically exchanged or legally treated as equivalent. Some examples are: the equivalence of income for different times of labour or for jobs of different degrees of danger and effort; the legal or cultural equivalence of financial loans, independently of whether the borrower is, say, a householder unfortunately excluded from the labour market or a bank performing a financial leverage; the legal equivalence of tax evasion, independently of the type of motive provoking it. A conceptual identity is simply, also, the equivalence between a certain amount of wage and the correspondent labour time needed to earn it, or the equivalence between an amount of charged loan interest with the “effort” of granting a loan.

A critical reflection over a speculative identity is defined by Adorno as an «identifying act of judgment whether the concept does justice to what it covers».²¹⁷ The lack of justice which Adorno contemplates here refers to the different levels of pragmatic satisfaction which are “exchanged” through any of these conceptual identities. In a more complex way, though, these equivalences are unjust because the economic desire which each of them satisfies consists in an abstraction from all the other desires which the implicit naturalness of any involved actor could potentially conceive and claim, given a set of instruments which can offer her the opportunity of a “spontaneous” maximization of her satisfaction. In fact, if we define as “natural” the pragmatic situation which would

²¹⁷ Adorno 2004 [1966], P. 146.

be most desirable for an individual, what is “natural” for her is what she would spontaneously prefer in respect to other things. Rigorously speaking, therefore, these equivalences negate “justice” to the overall naturalness which is proper of each involved individual.

A dialectical identification is practically described by Adorno as the institution of a barter principle in an exchange between some individuals. The problem of the production of wealth and of its adequate compensation stands out:

The barter principle, the reduction of human labour to the abstract universal concept of average working hours, is fundamentally akin to the principle of identification. Barter is the social model of the principle, and without the principle there would be no barter; it is through barter that non-identical individuals and performances become commensurable and identical. The spread of the principle imposes on the whole world an obligation to become identical, to become total. [...] . From olden times, the main characteristic of the exchange of equivalents has been that unequal things would be exchanged in its name, that the surplus value of labour would be appropriated.²¹⁸

But how are the terms of any “barter” decided? And for what reason does the desire which each exchange satisfies end up consisting in an abstraction from all the other desires which the implicit naturalness of any involved actor could potentially conceive and claim?

The equivalence establishing the terms of the barter is set by the reciprocal bargaining power of the economic agents involved in the exchange. Such a bargaining power can have one of these two aspects, which reflect the two forms of dialectical move which I recalled above:

- 1) Purely political power. This consists in the political legitimacy obtained by an authority thanks to a community’s empathy in regard to certain necessities and desires determined by the contingent naturalness of the community. The legislative power which follows from that endows such an authority, by definition, with institutional instruments and power which are effective enough in order to have the upper hand in a social bargaining. This bargaining power can establish conceptual equivalences by law such as the amount of retirement fund an individual “deserves” to receive from society,

²¹⁸ Ibid.

the minimum wage an employee has to receive, the “adequate” amount of unemployment benefit;

2) Economic power given by the possession of economic instruments which can offer a larger spectrum of modalities and situations for obtaining wealth with respect to other instruments. This is the field of, for instance, the power to increase the price of a possessed building during a property bubble or the power to obtain a surplus-value from her workers’ labour by an entrepreneur. Note that the function of the first kind of power is also, by definition, to legally legitimize the second one.²¹⁹

In each of these cases a dialectical equivalence is determined by the prevalence of an authority’s bargaining power. Such a power stems from the act of *accepting*— by other authorities – the distribution of goods and services proposed by the first authority in response to some perceived needs and desires. The reason why individuals accept a proposed distribution of resources can be - in correspondence with the two categories of power above - :

1) I - The awareness that a political reform is going to satisfy the contextual – and arbitrary – needs which an economic actor perceives as a consequence of her role. An example is the public consensus which a privatization of public companies obtains. In this case, we have a need – presumably, the one to incentivize the management of a firm which aims at competing in the international markets so as to increase the quality of a product – which is apparently satisfied by making a modification in the distribution of economic instruments. The problem arises when this same distribution of instruments— because of its being arbitrary – causes imbalanced relations of power and consequent unexpected needs. These unbalanced relations can originate, for instance, in the formation of commercial cartels or the drop of wages.

II - The will to find a compromise among different powers-of-claiming in order to satisfy respective needs which depend on the respective contingent resources and roles. An example can be the will to rely on many foreign investments to sustain the growth of national industry. This would respond to a need of liquidity in order to maintain the productive capacity of a firm. Such logic manifests, again, an abstraction of a certain contextual necessity from all the other necessities likely to occur because of the imbalanced disposition of economic instruments thus pursued. A typical occurrence is repre-

²¹⁹ For the sake of simplicity I do not include bargaining power obtained by pure physical force.

sented, in times of recessions, by the investors' power to maintain their profit unaltered by cutting workers' remuneration and so, by worsening a country's current account.

2) The desire not to succumb and to negotiate an "agreement" with a greater power, as in the case of being compelled to accept usury rates. In general, however, each of the examples above can be included in this category if the involved economic actors perceive the exchange as a "violence". In this circumstance the desires abstracted from the overall potential desires are the ones proper of the elite as well as the contingent need to preserve oneself from a worse situation perceived by the submitted class.

The fact that bargaining power can be achieved in the form of violent extortion or in the form of pacific compromise and equilibrium among different singular interests recalls what Hegel in *Phenomenology of Spirit* describes as mutual or non-mutual recognition of desires:

Mutual recognition is a reciprocal relationship through which each person is committed to treat others as 'persons' or as self-conscious beings rather than objects [...] The *Phenomenology* as, a philosophical description of human history, deals with inequalities and non-mutual recognition. In this kind of interpersonal relationship, when the recognition is not mutual, the recognised-desire treats the recognising- desire as a mere object and puts itself in a position of a sadist who requires the victim to become an object and no longer the source of threat and challenge²²⁰.

In this sense, the character of peaceful relationality and sharing which distinguishes a successful political experiment is a dialectical case which falls under what is, according to the Hegelian idea of Absolute, a universal commitment to reciprocal acknowledgement. This latter is aimed at the "consciousness of the totality", at a "happy compromise" where every individual cedes part of her particular desires. The reason is that the individual becomes aware that it is more convenient, more desirable to live within an equilibrium of individual naturalnesses and within a context of full reciprocal relations: «As the agent receiving the command of the universal, the particular acts as the *topos* of the not yet of the universal. Basically this means that the command commands in and through the particular's receiving»²²¹

²²⁰ Kamal 1998, Pp. 459-460.

²²¹ Vassilacopoulos 2007, § II.

2 - From a dialectical logic toward a logic of instrumental maximization: the consequence for the concept of *exchange economy*

The concept of conceptual identity and the barter principle give us a more precise criterion to evaluate whether a socio-economic reform and organization set by a “prevailing” power coincides with a dialectical modality of development. What I am drawing now is an explicit border in order to discern two kinds of approaches. On the one hand, a political commitment which *tends* toward a maximization of any individual’s capacity to create a desirable situation for herself and, on the other hand, a political commitment founded on the implementation of some preferences coinciding with what is contingently perceived as “natural” to prefer.

Nevertheless, an apparent contradiction needs to be solved first. I define as a “dialectical structure” the one using as criteria of action the consciousness of certain contingent interests, needs and desires which stand out as a result of the arbitrary allocation of economic instruments among individuals. A dialectical approach, in fact, relies on an authority shaped by intersection of possibly common-sense and arbitrary values. In political theory, a proposal following this model is Hegel’s idea of corporate State. It is a constitutional monarchy which is “justified”, in its disregarding a direct popular sovereignty, by the contingently perceived necessity of going beyond individualism and the insignificant play of atomistic opinions, typical of a civil society of the time and to which, according to Hegel, a parliamentary election can be reduced. Here, the point of my criticism is not whether «to go beyond individualism and the insignificant play of atomistic opinions» is per se right or wrong, but that the statement and application of this necessity represents an idealization, an abstraction from other contextual and potential needs and desires which should also be taken into account while structuring the government of a community.

The possibility of a non-dialectical structure of political commitment seems to be compromised by the fact that the definition of “dialectics” I have given appears to describe the general logic of any political action. I would argue that this is the case when the logic of a philosophical position about a social advance assumes as necessary the recourse to the rationality proper of some authorities – as in the case of Hegel. Or, also, the recourse to the figure of an authority depicted as more authentic or more careful of the (non)presence of hidden spectres and potentialities – as in the case of Rorty’s lib-

eral-ironist or Derrida's contingent coming of the Other. But even though it is impossible to escape dialectics to the extent that it is impossible not to rely on authorities constituted by "idealised" values, needs and desires, I want to argue that a pragmatic progress can be made if one tries to instrumentally optimize every authority's capacity to fulfil itself rather than searching for the wider compromise or agreement among the values of existent authorities. This would be a shift in the investigative focus which would bring a quantitative improvement in the openness of the analysis, which would be less constrained in the limits of existent widespread practical values.

I intend to analyse a logic which aims at seeking the conditions of the possibility of a *maximization* of *each* authority's potentiality to desire and to fulfil her desires. A maximization of reciprocal bargaining power which implies that the quantity of such a power owned by each individual is not to be considered as the result of a zero-sum game among all actors, but as a "measure" of reciprocal utility, or attractiveness which can also increase in aggregate. An equality of a similar maximization would ensure, among the other things, that each authority who acts within an economy of an exchange cannot develop the bargaining power needed to fulfil her desires by means of an instrumental advantage over the other authorities. An authority would be able to enhance her bargaining power, in fact, only by exploiting the instrumental potentialities with which –in an *equivalent* way to the other authorities - she would be endowed more than the other authorities.

Within a similar economy, in effect, the concept of "barter" is founded on the scheme whereby an economic agent is able to offer goods or a service which gives her the power to claim, in exchange, the goods or service she desires. In order to be capable of maximizing every individual's capacity to produce and claim, such a scheme has firstly to ensure that every economic agent owns all the economic instruments necessary to realize the quantity or quality of product she needs to exchange. A "conceptual identification" and the exchange associated with it would reflect a maximization of every individual's capacity to produce and claim only in the case in which every individual owns the potentialities which are necessary to maximize the quantity or quality of her production and, therefore, of her claim.

Previously, I defined as "natural" the pragmatic situation which would be most desirable for an individual and, therefore, what is "natural" for her as what she would spontaneously prefer in respect to other things.

Consequently, the very concept of an “economy based on exchange” supposes that, if an exchange has to reflect *as much as possible* the contingent naturalness of the actors, an institution should make certain that any involved actor utilises a certain amount – in quantity and quality - of instruments offering the highest possible potentiality to produce and to claim in an exchange. Otherwise, such an institution would be obstructing a “spontaneous” maximization of that contingent naturalness. It would accept, in other words, an “ideological” conception of such a naturalness.

This does not mean that there is a “naturalness” which is not ideological, if this term refers to a socially and culturally constructed system of preferences. This means that such an institution would accept an ideological naturalness – or a circumscribed set of ideological ones - ignoring the possibility that such a naturalness has to be potentially and pragmatically maximized. The following passage from Adorno well reflects his awareness that any notion of “transcendental subject” supposes an abstraction of some contingent arbitrary interests determining the terms of a barter and a structural “naturalness” of human subjectivity. He rightly defines such a common attitude as a «general-ity», a generalization of a contingent arbitrary system of interests. Such an attitude turns into an ideology when it insists on deciding what is natural to pursue according to the “structure of the subject”:

As the extreme borderline case of ideology, the transcendental subject comes close to truth. The transcendental generality is no mere narcissist self-exaltation of the I, not the hubris of an autonomy of the I. Its reality lies in the domination that prevails and perpetuates itself by means of the principle of equivalence. The process of abstraction—which philosophy transfigures, and which it ascribes to the knowing subject alone—is taking place in the factual barter society.²²²

Another element on which Adorno insists is that the equivalent value of the two terms of the exchange is, de facto, a social objectification. The singularities which correspond to specific productions are incommensurable to each other, but the pragmatic convenience to perform the transaction which the involved actors have confers to such “subjective” singularities a social objectivity: the exchange value of a product. Adorno compares this process to Kant’s model, where subjectively produced phenomena are intersubjectively considered as formed by commensurable and objective parts, according to the pragmatic convenience of scientific measurement:

²²² Adorno 2004 [1966], P. 168.

The rigidly dualistic basic structure of Kant's model for criticizing reason duplicates the structure of a production process where the merchandise drops out of the machines as his phenomena drop out of the cognitive mechanism, and where the material and its own definition are matters of indifference vis-à-vis the profit, much as appearance is a matter of indifference to Kant, who had it stencilled. The final product with its exchange value is like the Kantian objects, which are made subjectively and are accepted as objectivities²²³

Put in these terms, the problem which I am facing concerns the "justice" of the application of an exchange value to a use value. Or, better to say, the justice that a certain couple use-value – exchange-value does to an individual potential naturalness, beyond what is perceived as a spontaneous exchange within a social objectification. Such a justice, nevertheless, makes sense only if interpreted as the estimate of the degree of pragmatic satisfaction of an economic actor with respect to the potential maximum of satisfaction she could achieve within a "factual barter society". Hence I define a product as carrying an "ideal" exchange value if this is determined within a transaction in which the involved actors have been able to benefit from the highest instrumental potentiality to create the goods or service they offer. A philosophical commitment which intends to escape as much as possible a dialectical way of thinking about human relations has to examine in depth what the instrumental conditions of the capacity of producing and offering for an exchange are. It has to examine, then, whether these can be categorized and whether it is possible to make any individual own them at their highest degree or, at least, whether a society or a legislation can *tend* to do that.

3 - The focus on the concept of exchange economy: a necessary step for the pragmatic route of the analysis

At this stage of my argumentation, it is opportune to face what may appear as a contrast between the ethical-ontological purpose which the overall work claims to carry out – above all in the analysis of neo-pragmatism and deconstructionism as well as in the reminder to dialectical authors – and the specifically economical set of examples and applications which clearly dominate the continuation of the text.

²²³ Ibid, P. 387.

From the end of the previous chapter the discussion has been spontaneously set up under the form of a debate about economic issues. In fact, it may seem that the same determinations of naturalness, instrumental conditions of naturalness maximization and bargaining power just recalled have been inadvertently shaped by the typical bargaining and instrumental nature of the specific economic behaviour and have, therefore, less to do with general determinations of ethics and human nature.

Since the examination of Derrida's unconditioned justice to the Other, I have pictured human naturalness – or, also, an individual's "preferability" toward some future choice – as constrained by the relative power which the available instruments allow their possessor to have over the environment and other individuals. But, one may argue, this is a determination of "what is spontaneous to choose" which, since its origin, has been rooted in an economic logic - more specifically in a market logic. It is, ultimately, a determination of what "happiness" should be which draws its characters from the logic of market.

Consequently, the entire discussion about the fallacy of relying on a neo-pragmatist liberal ironist and on the Other's request or about the dialectical impasse of any authority would only concern a regional determination of "ethics", intentionally shaped from its beginning by macroeconomic preoccupations. What would be left out, in effect, are forms of human relationship in which moral behaviour, or calculus of what is suitable to do, escape a logic of reciprocal negotiation and are driven by communitarian and familiar ethics or, also, by sentiments of compassion and generosity.

In order to respond to this possible objection I am going to point out that, instead of running into a case of confusion between a regional logic and a universal one, the reader is encountering the recognition of a pragmatic prevalence of the weight of certain spheres of life. The particular attention put on economic issues follows the observation that, first of all, economic agreement can be taken as an explicative model of any human agreement as pragmatic calculus in view of reciprocal benefits. Secondly, such a "privilege" ensues after noticing the greater "objective" value and universal recognisability of specific themes such as credit accessibility, market competition, suitability of wages and so on.

In other words, the preference given to an economic commitment in the text is not casual but responds to the following reasons:

The first reason for the privilege of the economic language is that economic relationships perfectly represent the basic structure of intersubjective agreements founded on what can be defined as an impulse toward reciprocal attraction - explained by the recognition of reciprocal utility. Any human agreement, including the ones arising from honest feelings such as love and protection, in effect, can be interpreted as a recognition of reciprocal instrumental utility – considered in its broader sense – and a consequent attempt to obtain what is desired by giving in exchange something which is desired by the partner in order to build up the relationship. A love affair can be formally described as a mutual decision about what is reciprocally enjoyable to do according to the desires and the “naturalnesses” of both parts. Even an act of charity can be interpreted as a mutual agreement about what is reciprocally satisfying to do, once the benefactor’s motive is described as a desire to “feel good about herself”. In none of these cases the agreement is perfectly symmetrical but involves individuals who are unique with contingent and distinctive necessities and desires.

As in the economic field, all these kinds of agreement require a process in which individuals recognize reciprocal desires and verify how much and at what cost such desires can be fulfilled by a certain type of relationship. This formal illustration of what is a bargain corresponds to a general pragmatic structure which - because of historical, cultural, instrumental and stylistic junctures - is today almost spontaneously associated with the market organization of economic production. A mutual negotiation in order to obtain what the other can offer is “explicitly recognizable” – due to socio-historical and linguistic contingencies - in the regional issue of the economic exchange strictly considered. I do not look for a dialectical reason for such a privilege of the economic discipline in revealing this pragmatic structure. In fact, the very premises which underpin my discussion – related to neo-pragmatism and dissemination – understand a similar expositive superiority of economics simply as the result of fortuitous historical and linguistic circumstances whereby a certain language-game is more effective in helping to approach a solution to a perceived problem. This first reason for the “preference” of the economic discipline in the application of philosophical issues is, therefore, a reason which has to do with practical expositive necessities.

The privilege assigned to reciprocity and agreement as “fundamental” pragmatic structure may be criticized as an example of partial analysis of the practical human nature and, therefore, as a non-complete account of that which makes an individual happy. In fact, it would leave aside cases in which an individual does not need any inter-

subjective agreement in order to act in a pragmatically self-satisfying way, as in the case of a person being happy by taking a solitary walk or by cultivating something in her own vegetable garden. Given the purpose of this text, nevertheless, this is a false problem. In effect, I am examining the ethical duty to “do justice to the other’s naturalness”, as underpinning any neo-pragmatist, deconstructive or dialectical commitment, in order to articulate the best way to carry out such a task. If personal and solitary actions are not taken into specific account it is because, if one assumes that they reflect an individual’s will and therefore naturalness, such a “carelessness” coincides with a not-interfering policy and, in effect, with doing justice to them. If one assumes, instead, that even those actions are the product of social agreements as influenced or determined by past or contemporary human relationships – always in a broad sense, which includes knowledge, affection, culture, expectations, etc. - , then solitary actions are a particular manner in which reciprocity manifests itself.

Even if they appear empirically very different from the nature of an economic exchange, in fact, these actions would share the same structure of being “a recognition of reciprocal instrumental utility in a broad sense and a consequent attempt to obtain what is desired by giving in exchange something which is desired by the partner in order to build up the relationship”. As hinted before, in effect, the “exchange” can also consist in reciprocity of affection or feeling, as in the case of a father teaching his son to draw in order to enjoy spending time with him and of his son willingly accepting this training for the same reason, as well as because he perceives that such a skill will be useful in his future. Obviously, the case may occur whereby a person does not appreciate receiving a training which will reveal itself to be useful in the future or instead whereby that person accepts it only because such a training is accompanied by another element which is perceived as useful in that moment. As cases like these show, it is clear that the effective usefulness of an agreement is determined by contingent and arbitrary configurations of forces and escapes any capacity to consciously “bargain” for a more useful “exchange”. All this is associated with the fundamental problem which concerns the inevitable necessity of a contingent authority also in order to decide what the instruments useful to maximize one’s happiness are. I will discuss this problem in one of the next paragraphs, explaining why the “instrumental” logic would be able to express a less rigid and less harmful trend in respect to the “dialectical” ones anyway.

If the first reason for the privilege of the economic sphere has to do with expositive preferences, the second reason contemplates the character of the language of market instruments and economic examples as “universally recognizable” in a deeper and pragmatist sense. The spontaneous recourse to this topic, in fact, has been driven by the higher “objectivity”, universality and identifiability - within a human community - of the concern about the functioning of specific economic instruments in respect to other concerns. Such a universality can also be only “potential” in the sense that, for instance, the concern for an adequate level of income or for accessibility to credit may not be always perceived, but there is a diffuse agreement on their consisting in a crucial issue when the question about their stability is raised.

But what does such an objectivity mean from a pragmatist’s point of view? It means that there is a certain cultural “conversation”, a certain set of tool arrangements which seem to be particularly beneficial for human “nature” and that most human being would agree upon this. The initial tendency and the definitive turn of the text toward economic problems would be, in this sense, a logical route to be followed in order to fulfil its initial pragmatist and anti-metaphysical task.

Nevertheless, the greater pragmatic weight of certain economic mechanisms for human life just hinted at has now to be specified. When I assert that the economic mechanisms recalled throughout the text have a greater objective or “universal” impact on human well-being – and that most human beings would recognize that – I do not refer – or not only – to “concern about one’s personal wealth” in general. I allude to specific elements forming the structure of a market which are, or can be perceived as, particularly important for human welfare and which have been confirmed in the pragmatic suitability of such a perception by documented evidence.

Stiglitz, for instance, strongly remarks the importance of technological innovation and learning capacities for the historical account of the increase in the quality of life, pointing out the necessity of a deep and equal spread of such capacities in industrial production throughout market and human communities. They are important for a pragmatic purpose also because they appear to explain empirical growth in productivity better than other factors – making clear, therefore, where the largest part of “Solow residual”²²⁴ comes from:

²²⁴ The part of growth that cannot be explained through capital accumulation or increased labor (See Solow 1957).

Both econometric and historical studies highlight the importance of learning and innovation. Maddison's research, for instance documents that from the origins of civilization to the early 1800s, there was essentially no increase in incomes per capita. The economy was close to static. The subsequent two centuries have been highly dynamic, leading to unprecedented improvements in standards of living. Since the work of Solow (1957), we have understood that most increases in per capita income—some 70%-- cannot be explained by capital deepening; for the advanced developed countries most of the “Solow residual” arises from advances in technology. At least for the past quarter century, we have understood that a substantial part of the growth in developing countries arises from closing the “knowledge” gap between themselves and those at the frontier. Within any country, there is enormous scope for productivity improvement simply by closing the gap between best practices and average practices.²²⁵

Stiglitz's reports are precious because they lead us to locate, in the very possession of some basic economic instruments, one of the most embraceable – if not the most embraceable – element to work on in view of a pragmatist social purpose as I have been describing it. As Stiglitz goes on in his paper, in fact, the close connection between the element of improvement of income per capita and standards of living due to technological advances on one side and the element of reduction of ownership discrepancy of certain economic instruments among different individuals on the other side is revealed. This discrepancy corresponds primarily to the kind of market imperfections whereby a lot of agents are not able, or willing, to invest in innovation, renouncing to the attempt to exploit spillover learning:

A [...] source of inefficiency which industrial policies may address arises from capital market imperfections (themselves endogenous, arising from information asymmetries). But capital market imperfections can be particularly adverse to learning: Because R & D investments (or “learning investments”) typically cannot be collateralized, unlike investments in buildings, machines, or inventories, it is more likely that there will be credit and equity rationing, leading to underinvestment in these areas, compared to others [...] Still another market failure arises from imperfections in risk markets. Innovation is highly risky—research is an exploration into the unknown. But firms cannot purchase insurance against

²²⁵ Greenwald and Stiglitz 2012, P. 2

these risks (because of well-known problems of moral hazard and adverse selection). But because of imperfections in capital markets, firms act in a risk-averse manner, particularly in the presence of bankruptcy costs (Greenwald-Stiglitz, 1993), and this discourages investment in riskier innovation.²²⁶

There is therefore a first evidence of coincidence between the market imperfections which Stiglitz associates with a lower spread of technological benefits and the imbalance of economic instruments possession. It consists in a clear deficiency of trust by the community – or by the institutions designated by the community to grant *credit* – in the aspiring producer's capacity to supply a suitable product in the future. That is to say that an entrepreneur experiences the lack of a direct connection with economic actors who are explicitly willing to purchase the commodity to be produced in the future and to furnish the producer with the “credit” necessary to complete the production - I synthesize this economic instrument with the name of “confidence link” between a potential supplier and a potential demander of a commodity.

From this example credit – or funding in general – can be identified as a first fundamental economic instrument. Its necessity originates from the temporal discrepancy between the possession of instruments adequate to create something to exchange by a potential producer on the one hand and the formation of a demand which such a potential producer may fulfil on the other hand. Similarly, credit can also compensate for the discrepancy between the formation of a demand by an economic agent on the one hand and the possession, by the same agent, of instruments adequate to produce a bargaining power sufficient to support such a demand on the other hand.

A lot of economic actors experience a deficiency in the accessibility to funding due to the imperfection which exists in reciprocal information. The consequent underinvestment corresponds to a situation whereby a lot of potential applications and further improvements of technological and learning progress are prevented, as are the potential participation of more individuals to the benefits of creating and exchanging such improvements. In this way, the very pragmatic task of an exchange economy based on the creation of a maximized utility in order to enhance the attractiveness of an agreement is prevented.

The occurrence of a cycle of recession would amount to an even worse situation, in which exchanges cannot be performed because of a lack of basic instrumental condi-

²²⁶ Ibid, P. 5.

tions. Within a classic Keynesian scenario, for instance, we hypothesize several entrepreneurs who reduce investment because of a bad feeling about the future caused by a poor income realized – due to a preceding mistaken allocation of resources, which is likely to happen within a context with imperfect information. In this way employment, income and therefore aggregate demand start declining, provoking a self-referential vicious circle. The next thing to consider is the situation whereby, as Skidelsky observes, the downturn is strengthened by the fact that «although wages and prices have some adjustments they do not adjust fast enough, because nobody knows what the new equilibrium prices are. So, output falls more quickly than wages and prices».²²⁷ The intensely pro-cyclical mechanism whereby wages and prices do adjust fast, but because of this very adjustment the lack of aggregate demand and the further drop in wages and prices is exacerbated can be also considered.

In both situations, a mechanism whereby a fallacy in the functioning of the “confidence link” is set off bringing about a reduction in the aggregate utilization of other two economic instruments – labour force and means of productions. Such an under-utilization corresponds to a decrease in the availability of wealth to be exchanged and, therefore, in the fundamental motive and condition for setting up an enterprise in order to improve one’s exchange power: expectation of profit. Seen in this way, in fact, this disposition to under-utilize instruments spreads within a community due to the reciprocal entanglement of all economic agents. In the former situation this mechanism is incarnated in the fact that entrepreneurs do not find enough wealth offered in exchange to convince them to hire more workers, while in the latter for the same reason they do not have the possibility to reward their employers – and themselves – more.

In any case, all this can be illustrated as a deficiency of means of production by unemployed people caused by the initial insufficient confidence link by firms. The former deficiency then brings about a further lack of confidence links in the category of entrepreneurs, confirming the strong inter-dependence between different individuals’ instrumental possession and efficacy, which is implied in the logic of a community based on exchange.

The betrayal of the pragmatic progress inherent to the mechanism of market which such a scenario conveys is reflected, moreover, in a further kind of loss of economic instrument possession, namely the obsolescence of machineries and labour skills due to a lack

²²⁷ R. Skidelsky, interview, EconStories mini-documentary, available at <https://www.youtube.com/watch?v=ZRVaxUNDTKY>.

of incentives to utilize and renew them. Both obsolescence and under-utilization of economic instruments are at the centre of Stiglitz's concern for failures of market as diminishing the degree of knowledge and, therefore, the quality of life:

One of the things that is pretty clear from a lot of researches is that stability is important to learning and there are several reasons for this. Since much of the knowledge resides within institutions and firms, when you go through a deep economic recession it destroys firms and, in doing that, it destroys embedded knowledge. In effect, there is "negative learning". [...] Moreover, the knowledge that is lost when a company goes bankrupt is very hard to recreate. It is also the case that recessions impede learning because attention gets focused just on survival and firms are not going to be spending their resources on long-term researches. And, finally, recessions impede the most important aspect of human capital accumulation which is on-the-job learning, with long-term consequences on growth and standard of living²²⁸

An instrumentally balanced and well-functioning market is therefore the condition for a widespread high standard of living. In fact it is structurally coincident with the improvement in the efficacy and utilization of a set of tools – such as reciprocal confidence, labour force and means of production - permitting the enjoyment of the potential fruits of reciprocal-benefit agreement as much as possible. In this sense equal and efficient functioning of economic instruments represents "a set of tool arrangements which seem to be universally beneficial for human 'nature'".

4 - The connection of the task of instrumental maximization of reciprocal bargaining power to the problem of the trade-off between equality and liberty

The interpretation of Stiglitz's recommendations in a pragmatic and anti-dialectical sense paves the way for opening the discussion about whether the goal of "equality" is universally preferable in respect to the goal of "greater liberty" in order to maximize social well-being.

The conflict between equality and liberty has always represented a central battle field in the comparison between different interpretations of utilitarianism and ethics of economics. As Lukes says,

²²⁸ J. Stiglitz, conference held at HEC Paris on January 14th 2014, available at <https://www.youtube.com/watch?v=b1CPDIj2Bu8>.

libertarians typically claim that more equality means less liberty, but this thought is widespread, as it is apparent corollary that they must be traded off or weighed against one another. Thus Sir Isaiah Berlin observed that ‘the extent of a man’s, or of a people’s liberty to choose to live as they desire must be weighed against the claims of many other values, of which equality, or justice, or security, or public order are perhaps the most obvious examples’²²⁹

One of the most pregnant dilemmas at the basis of the difficulty of deciding between equality and liberty is whether a preference can be selected between a situation where a certain level of satisfaction is not equally distributed and a situation in which the same level is equally distributed. A similar decision, in fact, would concern the degree of liberty individuals, including the “luckiest ones”, are allowed to have available in order to fulfil their desires – or, at least, this would be the superficial interpretation of the above dilemma, as we will see soon.

Even if pursuing equality appears intuitively preferable, it is not easy to define the reason why a pragmatist point of view should differentiate the rank of two scenarios which may bring the same total level of “happiness” and provoke the same level of harm within a community. If we suppose that such perceived harm possesses, on average, the same intensity, a pragmatic or utilitarian stance fails to provide an answer. Moreover, as Sen shows us,

an important part of the new welfare economics used only one criterion of social improvement, namely the Pareto criterion, which relied on taking note of utilities of each person separately without any interpersonal comparison. According to this criterion, social state *x* is better than social state *y* if at least one person has more utility in *x* than in *y* and everyone has at least as much utility in *x* as in *y*. A state is described as ‘Pareto optimal’ if and only if there is no other feasible state that is superior to it in terms of the Pareto criterion²³⁰

Sen continues by manifesting the discomforts of accepting a point of view which explicitly neglects the question of equality:

It is hard to accept Pareto optimality as an adequate condition for a good society [...] A society in which some people lead lives of great luxury while others live in acute misery can still be Pareto optimal if the agony of the deprived cannot be

²²⁹ Lukes 1996, P. 40.

²³⁰ Sen 1996, P. 53.

reduced without cutting into the ecstasy of the affluent [...] It has become, for this reason, more common to argue that Pareto optimality is a necessary condition for social optimality even though not sufficient²³¹

Given the impasse whereby an utilitarian stance would not differentiate between different distributions of an equivalent total level of happiness, a reasonable way of justifying the objective of equality may be to shift the focus toward the concept of equality of potentialities – as has already been done in general in this text, on the other hand. The aporia produced by Pareto's indifference toward distribution would be outflanked, since the point in this case would be the possibility of producing new net wealth, in such a way that the system reveals itself not to be necessarily already Pareto efficient. In fact, as Stiglitz's research suggests, the majority of instruments necessary to equalize potentialities is not to be re-distributed among economic agents but coincides, rather, with the opportunity of taking advantage of unused resources which were so because of a lack of "reciprocal confidence". Among the most evident cases there are lack of credit due to imperfect information or risk aversion, which compromises the formation of new ideas and enterprises. These would have a collective positive social impact since they would invigorate mutual exchange between new entrepreneurs and already existing ones who do business with the formers by utilizing otherwise inactive materials. The same picture can be associated with the discrepancies causing market recession or stagnation quoted earlier.

Nevertheless, even admitting that the majority of instruments necessary to equalize potentialities do not need to cause a re-distribution of wealth and bargaining power but a reciprocal increase of this latter,²³² the fact that such an argument cannot be extended to the 100% of instruments makes it insufficient in terms of scientific rigor. It can be rightly objected, in fact, that it is inevitable in some cases to produce a certain transfer of bargaining power and therefore a certain transfer of capacity to obtain benefit among different individuals. For instance, it may be found that to achieve or to pursue equality of potentialities one needs to equalize the bargaining power of actors involved in production, by blurring the distinction between possessors of means of production and of pure labour skills. Or, as Stiglitz also affirms²³³, it may be found necessary to favour

²³¹ Ibid.

²³² Remember that in my argument "bargaining power" is not understood as a zero-sum game between two or more individuals but as a measure of reciprocal necessity, utility and attraction, which can therefore be augmented by both sides.

²³³ See Greenwald and Stiglitz 2012.

technological investments which have as side effects the production of learning spill-overs in order to equalize skill throughout society. Both these initiatives may keep the total level of social benefits stable, but at the cost of diminishing the bargaining power of former owners of means of production or, in the second example, of some innovators. This means that one cannot rigorously know - from a theoretical point of view - the degree of total advantage which the attempt to equalize the possession of economic instruments brings about: depending on the specific contingent distribution and relation of forces in a certain moment it may result as positive, neutral or even negative. Without diminishing the value of the previous point, it would seem that the only complete and coherent approach to justify the preference for an equal distribution of bargaining power is the unambitious one, of referring to empirical studies rather than to making deduction from a supposed general functioning of economic instruments. In certain studies, for instance, particular attention is put on the higher degree of subjective well-being which societies with less income inequality produce.²³⁴ In comparison with individuals living in an unequal environment, in fact, the ones living in an equal society tend to perceive more trust and satisfaction in the reciprocal utility and adequacy they experience in relation to their community. A cross-country study realized in 2004 by Ball and Chernova, based on the World Value Survey «finds that the effects of relative income on happiness are up to four times as great as those of absolute incomes, although the effects of absolute income are still positive and significant».²³⁵ Clark and Oishi claim that, respectively, British and American people perceive a minor life satisfaction in less equal social contexts. Oishi, in particular, demonstrates that «this inverse relation between income inequality and happiness is explained by perceived fairness and general trust».²³⁶

An explanation of the prevalence of the factor of equality over the one of absolute wealth in determining a community happiness can be hypothesized by taking into account one of the characters of the dialectical tendency which mostly drives the formation of human needs and desires. I defined such a tendency as a transformation of rationality thanks to an abstraction of a particular perception of necessity from the current overall account of necessity. A similar abstracted perception can consist in any desire and need which do not account for all pragmatic repercussions and all potentialities an individual can aspire to. This is caused by the lack of instrumental maximization which an actor experiences, which causes the actor to have a certain consciousness of what she

²³⁴ See Diener et al., 1995.

²³⁵ See Ball and Chernova 2004.

²³⁶ See Oishi et al. 2011 and Clark, A. 2003.

can claim from society given her utility and the potential utility of society itself. The determination of practical needs and desires is, in effect, due to the instrumental environment. An individual tends to construct both her aspirations and her willingness to achieve a compromise by looking at the pragmatic opportunities which the power coming from instruments she possesses or she may “realistically” obtain can offer her.

This latter specific attitude expresses the dominant feature of the general dialectical tendency: that the capacity to aspire to already existent forms of powers is much easier to develop than the capacity to envisage something which not-yet existing forms of power may offer. This intuitive disposition to give privilege to the “present” or to the “semi-present” seems to triumph spontaneously within the dialectical attitude in general, which mostly determines human desires. What explains the higher degree of happiness felt by equal communities would be, therefore, the smaller gap present between perceived desires and the instrumental possibility to fulfil them.

A similar explanation of why equality is preferable is consistent with the interpretation of the debate about the liberty-equality conflict as an issue concerning the distribution of determined liberties and opportunities. Lukes underlines this point developing his discussion about whether equality and liberty “must be traded off or weighed against one another”:

Are equality and liberty related in this way? [...] How plausible is this picture? The answer depends on how one answers Amartya Sen's famous question: 'Equality of What?'. The simplest, and most naïve answer, is welfare or utility, whether conceived as happiness or the satisfaction of desire, but this answer fails, as Rawls and other have shown, above all in the face of the objection that it would unjustly compensate those with expensive tastes for which they could be held responsible. All the other, more plausible accounts of what is fundamental to equality--of what those who seek more equality seek to equalize--include various liberties as an essential, constitutive part of the equalizandum. Surveying recent discussions, this is true of Rawls's primary goods, Dworkin's resources, Sen's basic capabilities, Arneson's opportunity for welfare, and Cohen's access to advantage. In short, all plausible answers to Sen's question include as central components those aspects of the circumstances of persons that maintain or expand their range of significant choices, and almost all focus explicitly on the notion of opportunity. Indeed, Sen himself describes his favoured notion of a person's 'capabilities'--'the various alternative functioning bundles he or she can

achieve through choice'--as 'the natural candidate for reflecting the idea of freedom to do'. His central concern is with those human interests he calls 'advantage', as opposed to 'well-being'. 'Advantage', he writes, is a notion which deals with 'a person's real opportunities compared with others' and is a "freedom" type notion'. All these accounts--and, I submit, all plausible accounts--of what is to be equalized see freedom, meaning the availability of significant options of choice, as integral to equality. In short, egalitarians largely seek to equalize liberties [...]. I conclude that the alleged conflict, and trade-off, between equality and liberty also turns out to be other than it seems--a conflict between alternatives that this formula fails to capture. The choice in question is rather between particular distributions of various goods, including various liberties [...]²³⁷

Finally, to assert the global pragmatic importance for individuals to take part in the social and technological fruits of exchange economy does not mean to undervalue the role of other factors which are not reducible to the effects of market. Sen reminds us very efficaciously that

income is, of course, a crucially important means, but its importance lies in the fact that it helps the person to do things that she values doing and to achieve states of being that she has reasons to desire. The worth of incomes cannot stand separated from these deeper concerns, and a society that respects individual well-being and freedom must take note of these concerns in making interpersonal comparisons as well as social evaluations²³⁸

He then enumerates the sources from which the major problems of disparity which are not immediately solvable through income equality come:

Personal heterogeneities: People have disparate physical characteristics connected with disability, illness, age, or gender, making their needs diverse [...]. Environmental diversities: Variations in environmental conditions, such as climatic circumstances [...]. Variations in social climate, including public health care and epidemiology, public educational arrangements, and the prevalence or absence of crime and violence in the particular location [...]. Differences in relational perspectives: The commodity requirements of established patterns of behaviour may vary between communities, depending on conventions and customs

²³⁷ Lukes 1996, Pp.40-41.

²³⁸ Sen 1997, P. 401

[...]Distribution within the family: Incomes earned by one or more members of a family are shared by all, non-earners as well as earners. The family is, thus, the basic unit for consideration of incomes from the point of view of their use²³⁹

My intention is not to ignore the importance of the elements listed here but, as already declared, to concentrate on the most widespread material components which influence human well-being.

5 - Remarking the practical difference between an “instrumental authority” and the authority proposed by Rorty. An illustrative example

It may be objected here that the reliance on certain evidence showing the prevalence of economic relations in influencing pragmatic results can be analogized to the reliance on contingent authorities which I blamed as an inevitable outcome of Rorty’s position. Even though a certain form of reliance on contingent pictures of the world is insurmountable in any pragmatist stance, I would like to better underline the different technique of pragmatic survey I am trying to introduce in this text.

Rorty’s methodological approach, in fact, does not specify any route useful to identify the best instrumental scenario which can be reached within this or that specific context. Consistently, in a certain sense, with his continuous recall to contingency and to the metaphysical fallacies of any theorization of a social “naturalness”, Rorty avoids picking up specific political or economic contexts and recommending “objective” solutions to their problems. What he recommends is, fairly, to act as what he baptizes as the figure of the “liberal ironist”, that is somebody who does not take seriously any theoretical framework and tries to propound a point of view merely by making a “conversation” accepted and shared within a community.

Unfortunately, such an attitude forces the neo-pragmatist to count on the ability of certain political authorities to persuade most people that a specific kind of “language” is preferable, while this latter may comply only with desires and necessities which do not account for all pragmatic repercussions and potentialities. Rather than giving the green light to the persuasive appearance of dialectical authorities, I have preferred to outline the general dynamics of pragmatic social agreement, in which concepts such as contextual “dialectical” desires, reciprocal bargaining power and maximization of individuals’ power and instruments are involved. Hence, the necessity arose to choose the prevalent

²³⁹ Ibid.

example of pragmatic agreement in our historical context, from which to individuate the instruments which may be useful in order to maximize the potential pragmatic power of an individual. All this means that I do not rely on the naturalness of a certain authority in order to decide what is preferable to do. At worst, I rely on contingent authorities in order to decide what is “the prevalent form of social agreement in our historical context” and whether there is any. Imagining the worst scenario, therefore, a possible partiality of such authorities may reduce my investigation to a “regional” one, to be a pragmatist’s reflection on the dialectical flaws of the economy rather than on general pragmatic proposals.

One may reasonably continue to object by noticing that, actually, I do need to rely on contingent authorities in order to decide what the contextual instruments to optimize are. In fact, the pragmatic benefit which a set of instruments brings about within a social environment always needs to be attested by the contingent naturalness of an authority. Why should not such an authority represent, in this case, an arbitrary awareness of what is preferable to do, an awareness which does not take into account all and everybody’s pragmatic repercussions and potentialities? Why would not such an authority choose an instrument only in order to respond to necessities and desires provoked by an arbitrary disposition of other instruments and would not, therefore, possibly incarnate a “private” or partial reaction in comparison with a maximization of everybody’s bargaining power? Not even an explicit instrumental stance, in this sense, would prevent the manifestation of what I called “dialectical fallacy”. In fact, any response to a contingent configuration of instruments – which forms arbitrary and contingent “languages games” – may “do justice” to desires which are individualistic or, in any way, extraneous to that which would be an actual pragmatic advancement for the community.

In order to clarify this point, I close this chapter by quoting an example of a political reform which can be apparently carried out both by a “Rortyan” authority and by an authority who takes the allocation of instruments in order to maximize reciprocal usefulness seriously. While at first sight the two kinds of authority may be supposed to converge in their behaviour, their different theoretical presuppositions make it necessary to hypothesize different reactions to one of the side effects of such a reform. This digression also undertakes the task to put together the elements discussed so far and better define the “instrumental” logic I propose in relation to the concept of market economy.

Take the case of some country's households or politicians who perceive that, in order to achieve a more equal and intense participation in economic development, it would be convenient to favour a very easy credit granting by banks. The underlying logic would be to prevent the manifestation of risk-averse behaviour toward borrowers who are difficult to evaluate but likely to produce innovation and greater equality. Lowest interest rates and a public bail-out of banks in case of losses may be proposed, together with the employment of public supervisors to avoid cases of clear moral hazards by banks. The overall aim would be to reduce lending to a "communitarian" investment, in the sense that credit would be an instrument available to a much larger share of population – ensuring the equal possession of such an essential instrument – but the public would take responsibility for possible bad investments. An authority could claim that, in such a way, an individualistic logic – risk-aversion – would be replaced by a communitarian and "democratic" realization of the concept of "credit". The universal possession of such an instrument would be brought about by the fact that the entire community, by hedging a lender's investment, in effect invests or bets on its own future. It ensures that financing promising enterprises occurs as often as possible and makes possible losses negligible to the individual.

A first analysis would conclude that a similar political decision matches both the "instrumental" conception I have illustrated and a Rortyan neo-pragmatist's conception of solidarity.

It can be read as the achievement of the awareness that, in order to maximize and equalize reciprocal social usefulness, the totality of the society should grant confidence to each and anybody who potentially deserves it and that nobody who is likely to contribute to progress should be deprived of the instrument of 'confidence link' because of individualistic criteria used by the lender. These latter would be external to the "absolute pragmatic logic" which can be synthesized from the statements and the examples I have made throughout the text. According to this logic, the purpose of a community should be to provide each individual with adequate instruments – including the ones capable of dealing with temporal discrepancy, such as credit – in order to maximize reciprocal "attraction" or "utility" within every human relationship – that is within every economic, or market, relationship. Risk aversion, in fact, is determined by assessments of distinctly private risk. It represents a different pragmatic scenario in respect to the collective risk-benefit ratio which should be taken as the parameter for evaluating whether reciprocal

usefulness of every economic relationship would be improved in the case that the instrument of credit is granted in a certain specific case.

Public involvement in the mechanism of credit granting can also be read as a creation of a “conversation” of the kinds fostered by Rorty, according to whom an authority should not promote a certain language because it represents the traditionally accepted “objectivity” or “nature” of a phenomenon, but only if such a language incentivizes beneficial behaviours and solidarity. To provide a public subsidy to lenders’ losses would betray the objective nature and “natural laws” of *free market*, whereby any sort of asset – including credit – is personally deserved by its owner and invested by this latter, who pays the consequences, or enjoys the effects, of any of her decisions. Instead, the described political measure would create a new socially accepted language and culture thanks to which a greater public pragmatic benefit is perceived. Such a language would replace a scientific, objective concept of ‘worthy economic agent in free market’ with the social value of public responsibility in the allocation of credit, combined with a private reward to bankers – interest rates - for performing the job of evaluating borrowers and of dealing with the logistics.

The righteousness of a similar political choice would appear to be “objective” not because it does justice to a concept of naturalness which is already decided as the “real” one, in this case the one at the basis of worthiness and unworthiness within a pure free market. That objectivity would come from the simple circumstance that an agreement has been created within a society on the common convenience of a determinate value. The task of a neo-pragmatist is simply to create an agreement on the values which she perceives as bringing the highest possible common convenience or solidarity. In fact, «those who wish to ground solidarity in objectivity – call them “realist” – have to construe truth as correspondence to reality [...] So they must construct an epistemology which has room for a kind of justification which is not merely social but natural, springing from human nature itself, and made possible by a link between that part of nature and the rest of nature [...] By contrast, those who wish to reduce objectivity to solidarity – call them “pragmatists” – do not require either a metaphysics or an epistemology. They view truth as, in Williams James’ phrase, what is good for us to believe».²⁴⁰

Consider now the possible following side effect of the quoted reform. It has to do with the well-known fact that – even assuming that the hypothesized supervisors manage to

²⁴⁰ Rorty 1991, P. 22.

avoid cases of moral hazards – financial market spontaneous logic does not necessarily favour “long term projects” but, rather, the formation of speculative schemes.

In fact, as Keynes underlines, to base her evaluation on factors which will govern the yield of an investment some years hence – productivity improvement, employment impact of a business and consequent contextual economic growth – would be unreasonable for an investor. She definitely prefers to base her assumptions on facts which may be irrelevant to economic growth but “about which she feels somewhat confident”. As Bagnai remarks,

markets do not follow the logic of diminishing returns in deciding when to stop investing money, but the logic of speculative bubbles. If an initial capital inflow pushes financial assets and real-estate prices upward, next inflows are encouraged by the perspective of making money out of further price increases – more than out of long-term returns, such as dividends and interests. A self-realizing expectations mechanism is therefore set up – I buy because I expect price to go up and, in doing that, I make prices go up. The mechanism works until investors perceive that the game has gone too far.²⁴¹

What I would like to highlight now is that the theoretical ground on which the figure of the liberal-ironist pragmatist is built is definitely consistent with the possibility that a similar authority would accept the development of a speculative bubble until the fragility of the system is perceived. Since a Rortyan authority does not have any univocal method or rigorous definition of “preferable society” to fulfil, any form of social agreement may be evaluated as preferable as long as there is the contingent common perception that it would make most people better-off. That is not to say that such an authority would necessarily remain unaware of the pragmatic shortcomings which may originate from the volatility of the fragile system of reciprocal expectations on which a speculative bubble is founded. It is structural, however, that such an awareness may not be achieved. There is no theoretical philosophical criterion which would necessarily persuade a neo-pragmatist that a cycle of over-lending for speculative purposes – favoured by investors and excessively incentivized by the described reform – is a “bad” thing, once its “model of rationality” is contingently accepted by the majority of people and intellectual authorities.

²⁴¹ Bagnai 2011a, P. 7.

The beginning of a financial bubble is a prime example of an environment in which the majority of authorities – of “individuals” – perceive that the system is improving its “doing justice” to people’s naturalness. The continuous increase of credit to the private sector and of the prices of the assets may be accepted and welcome by the neo-pragmatist authority – as usually has been done by European and American authorities before the explosion of financial crises – as a reasonable expression of how a determinate contingent language game is being “likable” for a community.²⁴² The considered language game may coincide, for instance, with the “pleasure” and willingness perceived by actors who invest in an asset in order to sell it to future buyers who buy it for the same reason. The logic of the Rortyan pragmatist can easily be: “if a similar game is enjoyable to be played by both parts, why should the authority intervene to impose an extraneous model of rationality?”. The considered language game may also coincide with the willingness of the creditors to grant more and more credit to households with the expectation that they will soon benefit from the growth brought by the financial euphoria.

In effect, the increase in output, employment and prices which usually occur during this stage of the bubble²⁴³ can make the rationality of financial euphoria look consistent with long-term goals. It may push toward the neoclassical interpretation of a possible consequent crisis – that such a possibility is not intrinsic to the structure of the financial sector:

This is in fact how most neoclassical modellers have reacted: by retrospectively treating the crisis as being due, not merely to unprecedentedly large exogenous shocks, but shocks which varied in magnitude over time— while still remaining negative rather than positive: “the Great Recession began in late 2007 and early 2008 with a series of adverse preference and technology shocks in roughly the same mix and of roughly the same magnitude as those that hit the United States at the onset of the previous two recessions”. [...] The fact that these shocks came from the financial sector has been treated as largely irrelevant by leading neoclassical authors: “The crisis has shown that large adverse shocks can and do

²⁴² Here and in the rest of the text, the concept of “language game” refers to the logic of an activity as it can be interpreted as a system of performative symbols and, therefore, as a language coinciding with a performance or “form of life”, as Wittgenstein argues in his *Philosophical Investigations*.

²⁴³ See Bagnai 2013a,

happen. In this crisis, they came from the financial sector, but they could come from elsewhere in the future” [...] ²⁴⁴

Hence, the *narrative* accepted by the neo-pragmatists in a similar context is likely to be that a huge amount of credit used to purchase assets in order to resell them is passable or even desirable. Firstly because the pleasure of taking part in this game is self-justified and, secondly, because this incentivizes the producers of those assets – such as buildings – to enlarge their activity and to circularly stimulate the overall economy by employing resources. The perceived narrative, which outlines an improvement of everybody’s enjoyment, is completed by the public influence of experts’ authorities who claim that the factors which would be able to destabilize such a mechanism are not at all different from the ones which would destabilize a capitalist economic cycle in general: asymmetry in information and in technological advancement, which possibly cause some economic agents to be unreliable. This would activate a gradual contagion and decline in confidence among the other sectors of the economy, but a financial euphoria would not make a substantial difference in the likelihood of their occurrence.

The point is that as long as a similar coherent narrative of the features of financial euphoria and the reciprocal good expectations and pleasure of economic actors last, a neo-pragmatist does not necessarily see the danger it represents. Philosophically – and “epistemologically” – speaking, a liberal-ironist would have everything she needs to approve such a “conversation” and to appease her political contentiousness: a public perception of social improvement and of good expectation for the future also backed up by a specialist community’s agreement on specific pragmatic outcomes of the situation.

I want now to illustrate the reaction of an authority using an “instrumental logic” to such a consequence of the reform of credit I imagined. Notice, first of all, that an “instrumental” approach is in contrast with a liberal-ironist authority because it is able to express a definition of “what to pursue a pragmatic improvement of a community” formally means. Or, better, such an approach is able to put the very question whereby we need to express what “to pursue a pragmatic improvement of a community” formally means.

Consider the statement I made earlier: the purpose of a community should be to provide each individual with adequate instruments in order to equalize and maximize reciprocal “attraction” or “utility” within every human relationship, including the instruments ca-

²⁴⁴ Keen 2011b.

pable of dealing with temporal discrepancies in the reciprocity of these relationships. Moreover, since the specific economic context has been taken into account due to pragmatic reasons, in cases like this it would be better to replace “human relationship” with “every economic, or market, relationship” and “instruments capable of dealing with temporal discrepancies” with “credit”.

These statements can be developed in the following inference: since within a society based on market there are often temporal discrepancies between the possession of instruments adequate to create something to exchange by a potential producer and the formation of a demand which such a potential producer may fulfil, the purpose of a community should be to use credit to ensure that these potential transactions will be realized. Also, since the same “purpose of a community” imposes a maximization of reciprocal utility, the potential production endorsed by credit should reflect the highest possible satisfaction which can be reached in the potential demanders. In the wake of this latest affirmation, it is useful to remind ourselves that another side of the role of credit is to compensate for the discrepancy between the formation of a demand by an economic agent on the one hand and the possession, by the same agent, of instruments adequate to produce a bargaining power sufficient to support such a demand on the other hand.

The prescriptive nature of what I am claiming in these paragraphs implies that the act of using credit by a community comprehends the duty to make sure, in any possible sense, that the borrower has or will have the instruments to carry out the expected transaction. All these statements can be summarized in the following prescription: credit should be one of the forms of investment on its own future made by a community, the only reason of its appearance should be to provide each economic agent with adequate instruments in order to equalize and maximize their reciprocal utility and bargaining power, in this case considered within the scenario of an exchange economy. According to the point of view which I have been promoting in this text, this is the only pragmatic language game in which the concept of “credit” should be inscribed. Any political action concerning credit which we would be able to be described as a formal language game which is *different* from that, would necessarily represent an alienation from the proper ethical purpose of a community. It would represent, in fact, a relation of forces which develops according to laws which are *different* from the ones which guarantee that all instruments necessary for all individuals’ equal maximization of utility-satisfaction are rightly allocated.

The question which an “instrumental” authority necessarily asks herself is, therefore: does credit issuing respect the language game of equalizing and maximizing reciprocal “attraction” or utility within every human relationship, in the case of a financial speculative bubble?

In order to unfold some of the practical details which are implied in such a language game one can observe that, according to the “principle” I enounced,

- Credit should be distributed in function of an evaluation which takes explicitly into account how much, given the existence of other already circulating kinds of production, a certain new typology of goods suits the contextual potential necessities and desires and how much it would create imbalances due to externalities. Credit granting has to be evaluated, in other words, by explicitly assessing to what degree a service or a material commodity will be required by a community.

- Once such an assessment has been correctly carried out, short-term expectations on the product profitability should only depend on the entrepreneur’s ability to realize a good price-quality ratio.

The answer which an “instrumental” authority strictly following the principles I illustrated would give to whether a speculative bubble respects such a language game is, inevitably, “no”. The reason is that the assessment of the suitability of lending made in order to proceed with a speculative behaviour does not take into account the first point above. The logic, or language game, according to which the appropriateness of a loan would be accepted would not fit “an account of how much, given the existence of other already circulating kinds of production, a certain new typology of goods suits the contextual potential necessities and desires and how much it would create imbalances due to externalities”.

In fact, if we consider the game according to which the very mechanism of speculation is played, this latter coincides with making the value of and the desire for some or a few economic elements (real estates, shares, etc..) increase regardless of whether such elements may be desired to be consumed or not. Whether she is persuaded that this is provoked by a deliberate attempt by the speculator or she believes that this is just a market collateral effect, the credit lender had to approve a financing which makes the demand for – and, therefore, the value of – some elements grossly grow in respect to other ones, irrespective of the level of the desire to consume them. The objection whereby a stance aiming at satisfying individuals’ desires should favour any manifestation of these desires – even not connected to “consuming” – misses the point.

In fact, such a scenario is incompatible with the “principle” which should serve as a criterion for evaluating a credit allocation aimed at equalizing and maximizing reciprocal utility and bargaining power – whereby one should investigate the potential utility of a kind of economic element within a community, taking into account its impact on the economic actors and already existent elements. The logic according to which credit allocated in order to fuel a bubble is used does not satisfy this criterion and the aim illustrated above for the following reason. The exaggerated bargaining power of the actors trading the assets on which a speculation has been carried out – as well as the correspondent exaggerated power of the creditors who keep financing such a game – is exclusively based on diverting those assets from possibly representing an element to be consumed to only or prevalently representing goods-purchased-for-resale. The transformation of the role of a “product” from being traded in order to be consumed to being traded in order to be re-traded is at the root of the exponential growth of the demand of it and therefore of its value. The same result would be impossible to be achieved through goods purchased in order to be almost immediately consumed: while the demand of a consumer reaches a limit, the demand of a trader is potentially infinite. The consequence of this is that, in order to provide each individual with the adequate instruments in order to potentially maximize reciprocal “attraction” or “utility” within every human relationship – as “pragmatic logic” prescribes – , a political authority who runs a society where financial speculation is admitted should supply each economic agent with adequate instruments – whether monetary, cultural or cognitive – to imitate a financial speculator, with the concrete risk of restricting the kinds of goods present within the market to only or prevalently goods-purchased-for-resale.

This would represent a non-preferable environment to live in, being clearly at odds with the duty to select suitable credit granting according to how much a product enhances social usefulness within a context while also maximizing reciprocal usefulness. What an “instrumental” authority would understand by following this reasoning is that the social structure of a financial bubble is pragmatically unsustainable despite all positive perceptions it may convey, at least at first. Such a structure would either make a society create a strong discrepancy of bargaining power in favour of creditors and speculators who take part in the bubble, or it would lead a community to materially collapse in the attempt to equalize individuals’ potential bargaining power. By following specific practical criteria, an authority focusing on the optimization of reciprocal utility is able to “calculate” when a certain allocation of instruments shapes forms of power which impede

equal potentialities among economic actors and/or which prevent a reasonable contextual evaluation of what would be potentially the most reciprocally useful production.

There is no need to give an a priori, metaphysical explanation of why the scheme of a financial bubble does not respect what would be the most preferable scenario for the “naturalness” of a community – such as the reason whereby “human being’s natural goal is to exchange goods to consume and utilize them rather than to set up a Ponzi scheme”. We are nevertheless able to claim that a similar framework comprehends a form of contingent power which for contingent reasons due to, say, the possible size of a bubble and the context in which it is inscribed, would damage the rate of social satisfaction. Because of the structure of unbalanced reciprocal power set up by these contingent reasons, the dynamic of the economic relations of a society would advance in a way which will never tend to reciprocal maximization of usefulness but which will exacerbate or confirm power discrepancies.

In other words, one can affirm that if the language game presented by an economic phenomenon does not coincide with a language game whereby economic actors’ reciprocal utility is equalized and maximized through an investigation on long-term utility of the goods to select, the countless ways in which such a phenomenon may present instrumental discrepancies or inadequacies can give rise to various forms of social distress, even unpredictable ones, according to the precise logic according to which such discrepancies are disseminated. The consequences of the factors which make financial speculation inadequate are an excellent example of how unbalanced relations of power can exacerbate.

Consider the detailed description of the mechanism of the bubble given by Keen, who reports Minsky’s account of debt-driven boom-and-bust cycle.

The cycle begins with the general decline of risk aversion and the start of the so called “euphoric moment”,

where both lenders and borrowers believe that the future is assured, and therefore that most investments will succeed. Asset prices are revalued upward and financial institutions now accept liability structures for both themselves and their customers that, in a more sober expectational climate, they would have rejected. The liquidity of firms is simultaneously reduced by the rise in debt to equity ratios, making firms more susceptible to increased interest rates. The general decrease in liquidity and the rise in interest paid on highly liquid instruments triggers a market-based increase in the interest rate, even without any attempt by monetary

authorities to control the boom. However, the increased cost of credit does little to temper the boom, since anticipated yields from speculative investments normally far exceed prevailing interest rates, leading to a decline in the elasticity of demand for credit with respect to interest rates. The condition of euphoria also permits the development of an important actor in Minsky's drama, the Ponzi financier. These capitalists profit by trading assets on a rising market, and incur significant debt in the process. The servicing costs for Ponzi debtors exceed the cash flows of the businesses they own, but the capital appreciation they anticipate far exceeds the interest bill. They therefore play an important role in pushing up the market interest rate, and an equally important role in increasing the fragility of the system to a reversal in the growth of asset values. Rising interest rates and increasing debt to equity ratios eventually affect the viability of many business activities, reducing the interest rate cover, turning projects that were originally conservatively funded into speculative ones, and making ones that were speculative "Ponzi." Such businesses will find themselves having to sell assets to finance their debt servicing—and this entry of new sellers into the market for assets pricks the exponential growth of asset prices. With the price boom checked, Ponzi financiers now find themselves with assets that can no longer be traded at a profit, and levels of debt that cannot be serviced from the cash flows of the businesses they now control. Banks that financed these assets purchases now find that their leading customers can no longer pay their debts—and this realization leads initially to a further bank-driven increase in interest rates. Liquidity is suddenly much more highly prized; holders of illiquid assets attempt to sell them in return for liquidity. The asset market becomes flooded and the euphoria becomes a panic, the boom becomes a slump²⁴⁵

In Keen's paper one can see the details and the consequences of the very high bargaining power which, thanks to the mechanism of the bubble, speculators and creditors acquire in comparison with investors in goods different from goods-purchased-for-resale. A power discrepancy impossible to mitigate by means of equalizing potentialities, if not at the cost of the risk of dismantling the social pattern of productive investments. Such an aporia ensures that value created with speculation privileges possessors of certain material or cognitive instruments, which only differ in character from the others.

²⁴⁵ Keen 2012a, P. 6.

The rise of interest rates for other borrowers and investors is the manifestation of this power discrepancy. According to Minsky's illustration, then, the contingent dissemination of power unbalances and the expectational nature of the economic fabric combine to produce the following process: minor bargaining power of "real economy" investors weakens their economic position - their "utility" in comparison with creditors and Ponzi sellers - so that they are forced to "invade another territory" and assume the same role as Ponzi sellers. Such an unbalanced over-supply of a kind of asset makes the utility and bargaining power of this latter figure drop. The consequence is the concatenate decrease of economic trust in any agent who is in some way connected with the success of the Ponzi sellers – such as institutions of credit – and the spread of general panic.

The occurrence of a slump as a consequence of a financial bubble is an example of how the absence of a continuous maximization of reciprocal utility and bargaining power – which should be the task of a society government, by means of its tools such as credit – causes a potentially unpredictable dissemination of lack of reciprocal utility and confidence with more or less dangerous outcomes. This is because any language game – played by institutions of credit or any authority running the allocation of capacities and instruments in a society – which does not respect that "pragmatic principle" represents a more or less dangerous departure from an optimized level of reciprocal satisfaction.

Rorty's flaw is that he implicitly assumes that the creation of a conversational agreement or of a perception of satisfaction implies that the consciousnesses taking part in these coincide with pragmatically maximized consciousnesses. Any authority who takes the goal of maximization of concretely possessed instrument seriously in order to maximize reciprocal utility, instead, tends to be more sceptical about any configuration of forces which appears to overlook elements such as equality in instrumental improvement and distribution of credit in function of socially useful products. Any decision about what current social desires are and what the adequate instruments to fulfil them are is always inscribed within a contingent knowledge of a context, and this cannot be escaped. But the difference between a Rortyan authority and an "instrumental" one is, in plain words, that the former is more likely to limit her evaluation to what stands out in a certain moment as the conversationally agreed solution to a problem, without investigating whether there may be an even "better" allocation of instruments and potentialities – without analysing in depth the pragmatic "principles" which have been described.

In the following chapters I will apply the general attitude I recommended here to appease the macroeconomic troubles and discrepancies which are usually correlated with uncertainty and risk aversion in credit allocation. I will firstly consider the causal link whereby uncertainty in credit issuing is the consequence of social economic unbalances. I will deal with the opposite causal link of the correlation in a later chapter.

IV

Power discrepancy between different roles in economic production

In this chapter I recall the three “basic economic instruments” previously hinted at: labour force, means of production and credit. By means of a discussion about the distribution of their ownership-availability to individuals, I hypothesize two scenarios whose realization may help to assure a maximization of everybody’s utility in an exchange economy. The particular problem of this chapter is the distribution of the first two instruments: how to deal with the power discrepancy which can manifest itself among different entrepreneurs, between the “class” of entrepreneurs and workers or among different workers. In the first hypothesized scenario, it is initially claimed that a model of pragmatically maximized social relationships can be constructed in which the difference between employers and employees is maintained. I show how such a scenario cannot structurally eliminate imbalances of bargaining power. I go on to show how such an incapacity burdens on the functioning of the instrument of credit, through the possible alteration of its cost from the classical scheme - according to which this cost should be based on the law of supply and demand. In fact, a diversion from this law would denote the possibility of uncertainty in lender’s decisions – that is to say the possibility of one or more of these elements: an imbalanced competitiveness among entrepreneurs and/or of an imbalanced bargaining power between workers and entrepreneurs. The second hypothesis, according to which there should be a coincidence of the roles of entrepreneur and employee, is then assessed as the most suitable for the scope of the chapter.

The chapter opens with a brief re-introduction of the meaning of the instrument of credit and goes on with a discussion about it which temporarily obliterates the concepts and the conclusions achieved in the previous chapter. This is because a discourse is set up about the meaning of the functioning of today’s three major economic instruments in the manifestation of power discrepancy. This chapter prevalently treats the problem of uncertainty in credit granting as just a reaction to other social discrepancies. In the next chapter, I will start talking in depth again about the active function of credit in respect of distribution of potentialities and maximization of reciprocal utility - as in the previous chapter. Consequently, I will propose a reformulation of the very institution of

credit whose features will be in deep contrast with the ones plainly accepted in this section.

1 - The necessity of credit between physiological temporal discrepancies and instrumental bargaining power imbalances. How the conditions of the existence of a credit system can shed light on these latter

Earlier in this work I used the concept of “barter” to connect the discussion about agreements between authorities to the economy of exchange. In the following paragraph, nevertheless, I reported the instrument of “confidence link” as a crucial element for the functioning of an equal and beneficial market. The analogy of a “barter economy” is clearly inadequate in order to highlight the essential instrumental conditions which an economic actor has to fulfil to maximize her capacity to produce and claim within an economy of exchange. The concept of “credit” is necessary because an economic agreement is often temporally or instrumentally asymmetric. In this paragraph I start analysing the different meaning of these two kinds of asymmetry, arguing that the only ethically acceptable asymmetry is the temporal one, the other being one way not to do justice to the naturalness optimization of the Other.

What I have analysed as a “dialectical equivalence” so far comprehends not so much direct exchanges of goods for goods or goods for money between two or more individuals, but exchanges of non-final instruments for other non-final instruments. Since the “barter” occurring within such an economy mostly includes exchanges of labour skill for wage and credit – in all its forms – for interests, the structure which I have been describing appears as the very contrary of a barter one. It appears not as a set of singularities exchanging goods but as a holistic system of non-interchangeable roles – employers, employees and institutions of credit - which creates the optimal condition for producing because of the specificity of each role. And while the difference between “employers” and “employees” can be made at least conceptually consistent – even if not “necessary” - with the mechanism of commodity production by recalling the variety of predispositions and abilities, the role of the institution of credit within the picture of a competitive system of production is not necessarily intuitive to explain.

Graziani justifies the existence of the bank in modern economy by having recourse to the essential characteristics which the concept of “money” has to satisfy. It has to be a token currency, it has to be accepted as a means of final settlement for a payment and it must not grant privileges of seigniorage to any agent making a payment. The only way to satisfy those three conditions, he states, «is to have payments made by means of promises of a third agent, the typical third agent being nowadays a bank».²⁴⁶ Graziani specifies that these requirements have to do with the very logic through which money comes into existence:

In principle, in a perfectly competitive credit market, no one would borrow money from a bank before a payment comes due. This is the simple consequence of assuming rational behaviour, since there would be no point in borrowing money and paying interests on it while keeping it idle. Money, therefore, only comes into existence the moment a payment is made. In that moment, in one and the same act, the borrower becomes a debtor to that bank and the agent receiving a payment becomes the creditor of the same bank²⁴⁷

The endogenous nature of money-credit which Graziani depicts is not “strictly necessary” in order to admit the necessity of a third agent for conferring an exchange token to an agent who requires it. The existence of deposits of accumulated money would be sufficient, together with the existence of a temporary non-coincidence between demanders of a commodity and owners of sufficient liquidity, from which the necessity of borrowing arises. In order to endorse the existence of a third actor other than commodity suppliers and demanders, in effect, a society has to experience a temporary non-coincidence between these two agents, which goes beyond the elementary asymmetry traditionally recalled in order to justify the passage from an actual barter market to a money economy. Such a non-coincidence does not concern only the necessity of a token to be used to exchange goods between producers who are not reciprocally interested in the respective products. It concerns, also, the necessity of providing some economic actors with such a token before they are able to contribute to production so as to offer any suitable use value to a community. The concept of “credit” appears to be essential within a community in which an individuals’ capacity to offer and claim in exchange are not

²⁴⁶ See Graziani 1990.

²⁴⁷ Ibid.

symmetric or coordinated. It even seems historically to precede the idea of a pure barter classically conceived, as Graeber indicates.²⁴⁸

The insight of the endogenous creation of money-credit, nevertheless, makes it possible to better understand the function of credit not only as compensatory for a non-coincidence between present demanders of goods and possessors of sufficient liquidity but, also, as offsetting a diachronic asymmetry between potential suppliers and potential demanders of goods. While the former function cannot make nominal aggregate demand increase beyond a determinate limit, the latter involves a continuous creation “out of thin air” of new purchasing power corresponding to the creation of new wealth. The increase of the overall nominal amount of purchasing power within a community, in correspondence with the undertaking of new projects, can easily convey the idea that the asymmetry a credit system deals with is also about the absence of a current connection between an agent’s willingness to produce new goods and another agent’s willingness to demand them. In this case credit serves as a device in order to increase aggregate nominal demand, giving liquidity to borrowers who want to set up new projects and consume before being able to produce something to offer in exchange. This insight is not a recent conception, since it had already been exposed by Wicksell at the end of Nineteenth century, as Turner suggests:

The essential point Wicksell makes at the core of “Interest and Prices” is that [...] banks do not, as too many textbooks still suggest, take deposits of existing money from savers and lend it out to borrowers: they create credit and money ex nihilo— extending a loan to the borrower and simultaneously crediting the borrower’s money account. That creates, for the borrower and thus for real economy agents in total, a matching liability and asset, producing, at least initially, no increase in real net worth. But because the tenor of the loan is longer than the tenor of the deposit – because there is maturity transformation –an effective increase in nominal spending power has been created²⁴⁹

One can recap these typologies of asymmetry by saying that the act of granting a credit responds to the issue whereby, within a modern exchange economy, it is struc-

²⁴⁸ See Graeber 2011.

²⁴⁹ Adair Turner, Stockholm School of Economics Conference on: “Towards a Sustainable Financial System” Stockholm, 12 September 2013. Available at https://www.google.it/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=0ahUKEwja2vPk5vTLAhXFoQ4KHx86AlkQFggsMAE&url=https%3A%2F%2Fcdn.evbc.com%2Feventlogos%2F67785745%2Fturner.pdf&usq=AFQjCNHZ-gP0dk-co_knOPm61145mtNioA. See also Wicksell 1936 [1898].

tural that not all agents possess, at one and the same time, the economic instruments of the perceived “social utility” which would be necessary in order to complete the commodity exchange which is desired. These instruments have to be taken from the three main categories which I listed in the previous chapter, that is to say labour power, material means of production and the very confidence link which let the element of “credit” function.

What we should observe now, though, is that the lack of instrument possession can constitute an asymmetry which is not simply “temporal”, but also about the possibility of utilizing all instruments at an equivalent efficacy, regardless of any temporal discrepancy. This factor makes the analysis of credit reasons and conditions very useful in understanding how to maximize reciprocal instrumental usefulness, as the pragmatic scope of the present enquiry requires.

Notice, firstly, that such a “non-possession” can effectively manifest itself in the form of what I have been referring to as a discrepancy of bargaining power due to an instrumental disadvantage by some agents. It can be embodied in a non-possession of the right to benefit from the product created by the utilized economic instruments and, therefore, from the entire exchange value obtained as result of the offered goods. But it can be also understood as a non-possessing, by means of one’s economic instruments, a degree of attractiveness which is sufficient to decently intercept social desires so as to claim the desired value in exchange.

Cases of non-possession of the first of the two elements just quoted coincide, for instance, with the necessity proper of an underpaid worker of borrowing money to maintain her preceding level of consumption. In this case, the worker is subservient to the bargaining power of the means of production owned by her employer and she is unable to fully benefit from the exchange value incorporated in the use value she produces, as in the traditional Marxist argument. A case presenting a lack of the second quoted element is the need of a manager of a low-profit small enterprise - who had decided to submit a mortgage application – to declare bankruptcy, with the impossibility of fulfilling her mortgage obligations. The reason may be that her machineries were out of date, or that she did not have a sufficiently high organizational knowledge.

While in the first case the worker lacked the bargaining power proper to the machinery, in this example the manager has a deficiency in the bargaining power proper of her own specific machineries, as well as in the power of her organizational-labour skills.

The conditions of the existence of a credit system seem to suggest that such an existence is strictly related not only to temporal asymmetries but also to simple instrumental deficiencies which pertain to the economic agents. We have a set of empirical asymmetries whereby certain actors are not able to take full advantage of the power intrinsic to the major economic instruments.

Nevertheless, the social meaning of these asymmetries remains ambiguous. I have drafted an explanation of the role of “credit” within an exchange society in terms of a consequence of a lack of possession of the economic instruments which would be necessary in order to complete the commodity exchange which is desired. This lack of possession coincides with the impossibility of offering to society a full product in order to claim something in exchange, the consequence of which is a lack of bargaining power. But from a superficial reading of my examples, it is not clear what kind of relation connects this asymmetric power - which does not allow the worker and the aspiring entrepreneur to fully satisfy their needs - to the necessity of the intervention of a creditor as a third agent beyond the ones who perform the exchange. More precisely, it is not clear whether such a lack of maximization of bargaining power is to be interpreted

- a) only as a deficiency in the social utility and, so, bargaining power of the singular economic instruments possessed by an individual each time (for instance as a backwardness of labour skill of a worker or of technological tools of an entrepreneur and so on) or, also
- b) as a discrepancy in the power of the *kind* of instrument possessed by an individual in comparison to the other kind. That is to say as a discrepancy which cannot be eliminated unless every individual possesses all kinds of instruments.

Since both labour power and material means are *essential* instruments to production, an intuitive logic would suggest that bargaining power discrepancy can be solved by interpreting the problem in either way. In the following paragraphs I will test the correctness of such an insight.

I will deal firstly with the hypothesis including supposition a) and secondly with the other supposition. In the first place, I will study the logical admissibility of either hypothesis by assuming an appropriate but imaginary scenario in order to verify if the so-

lution to the imbalances of power which either of them implicitly suggests is logically acceptable. After reaching the conclusions, I will face the possibility of the concrete construction of the system which I will have judged as adequate to achieve the purpose of this chapter.

2 - A first hypothesis to solve instrumental discrepancy: optimization of productive instruments which maintains difference of roles

According to a first interpretation, a lack of maximization of potential reciprocal bargaining power is only a deficiency in the efficacy of the singular economic instruments possessed by an individual each time. We can put aside the problem of the distribution of the *kinds* of instruments and focus on the contingent improvement of the owned instruments in order to achieve an optimization of their efficacy. We can interpret the problem of the worker with low wage and of the low-profit small entrepreneur as resolvable through a maximization of the power of their specific instruments, in the following way.

Let us assume incentives for a perfectly equitable participation in technological and organizational advance in order to maximize the instruments of the entrepreneurs.²⁵⁰ Suppose, for instance, the establishment of public institutions of engineering and management research where the creation of a technological or organizational device is supported with adequate rewards – according to the effort needed to realize it - and shared among private entrepreneurs, together with learning of advances in labour skill shared among workers. Similar models which have been recently proposed can be built around the idea of the so-called “sharing economy”, in which «people, organizations and communities as active participants produce or co-produce goods and services collaboratively or collectively or co-operatively and production is open and accessible to those who wish to produce».²⁵¹

Let us also assume a perfect organization of trade unions in order to maximize every worker’s instrument power in an equivalent way. Its objective is a context in which the cost of disagreeing with trade unions for the entrepreneurs is equal to the cost of dis-

²⁵⁰ A concrete example of participation, collaboration and sharing of technological advance is illustrated by Marcin Jakubowski, founder of Open Source Ecology (see on line at <https://www.youtube.com/watch?v=GNLWIm8FpT4>).

²⁵¹ See Matofska, Benita. "What is the Sharing Economy?". Available at www.thepeoplewhoshare.com. The People Who Share Blog. Retrieved 29 July 2014

agreeing with entrepreneurs for trade unions. This would be consistent with the fact that the separation of a category of “labour power possessors” and “means of production possessors” allocates to each group an instrument which is fundamental for the functioning of the overall economy.

The presence of similar institutions - which would ensure the absence of a big profit discrepancy among companies making them agents who receive the “same endowment” - and the earlier recall to different temporal preferences may push the reader to think of a situation similar to the one assumed by Krugman and Eggertsson. They reduce the credit system to an agency with the job of matching the deposits of “patient agents” who accumulate money with the willingness of borrowing of “impatient agents” who wish to renew their activity:

Suppose that while individuals all receive the same endowments, they differ in their rates of time preference. In that case, “impatient” individuals will borrow from “patient” individuals. We will assume, however, that there is a limit on the amount of debt any individual can run up. Implicitly, we think of this limit as being the result of some kind of incentive constraint [...]we should think of this limit as a proxy for general views about what level of leverage on the part of borrowers is “safe”, posing an acceptable risk either of unintentional default or of creating some kind of moral hazard²⁵²

The scope of the present text, nevertheless, is not to take the side of a description of money as exogenously created, as Krugman’s overall work seems to assume.²⁵³ The scope of the text is to analyse the material conditions whereby, within an exchange economy, each economic agent enjoys an optimization of her capacity to produce in order to obtain something in exchange and, therefore, of her potential bargaining power. In this section I am examining the idea whereby a maximization of the potential power of each economic role plus a credit system run by a third agent can fulfil those conditions.

The picture hypothesized by Krugman and Eggertsson can represent, at best, one of the possible intuitive suppositions of this kind of society. A society in which there are some agents who act as “third agent” between potential producers and potential consumers – endowed with the same power - by providing them credit, indifferently to whether the

²⁵² Eggertsson and Krugman 2012.

²⁵³ For a criticism of Krugman’s implicit claims about the exogenous character of money creation see Steve Keen at <http://www.debtdeflation.com/blogs/2015/02/11/nobody-understands-debt-including-paul-krugman/>, blog post, last access 28-03-2016.

available amount of such a credit is decided by a political authority to have a certain limit²⁵⁴ or whether it is potentially infinite and endogenously created.

According to the premises I laid out earlier, such a third agent has to compensate for a temporal asymmetry between agents who correspond to potential suppliers and demanders of commodities. It must not make up for asymmetries of power coming from a deficiency proper of owned production instruments. Each time this latter case occurs, in fact, the appearance of what can be considered as inevitable and necessary elements on which an agent needs to depend – interest on loans, for instance, dependence on a private lender's evaluation and convenience to start a business up, etc.. – would not be justified as ethically necessary. They would be read as an unjustified and avoidable deviation from the way in which individuals should be able to obtain wealth within an exchange economy, namely by producing a commodity to exchange due to the potential access to maximally useful instruments. Interest, for example, would be only a shift of bargaining power from an individual who should be able to obtain exchange power through maximally productive instruments to an individual who has a bargaining advantage due to a contingent imbalanced allocation of instruments.

The system which I have described consists in an established amount of financial resources which are available to the entrepreneurs who wish to update or expand their activity and who work within a context of temporary and negligible differences of competitiveness and solid aggregate demand, due to the institutions I have hypothesized. In effect, even if this last statement does not arise from a neo-classical assumption on a long-run self-balancing of market, what has been envisaged is supposed to promote a minimization of both the firms and the banks risk aversion. This would lead to a situation in which the opportunity to finance and improve one's activity and, consequently, to maintain a well-distributed income among the members of the different firms are two stages of the same circular and self-fulfilling process.

The minimization of the firms and the banks risk aversion would come from the perception of a good sustainability of the firms debts due to the stability of consumers demand and to high and solid wages, as well as to an advanced circulation of innovation which

²⁵⁴ Set, for instance, by a central bank monopoly of money creation or by a central bank setting the price of base money or, even, setting the remuneration for bank reserves held at central bank (See McLeay et al. 2014).

would balance competition. The relative stability of productivity and capital asset yields would make investment expectations relatively steady.

The macroeconomic tendency here hypothesized can be interpreted through the so-called “convention theory” of asset pricing which, as Wray and Tymoigne underline, is typically attributed to Keynes and Minsky. According to this theory,

there are no *a priori* fundamentals toward which asset prices will tend inexorably. Individuals are ignorant, not because they do not know how to behave rationally, but because the future is not written in stone; it is fundamentally uncertain. In order to reduce ignorance about an unknowable future, fundamentals are created through social interactions in order to provide a vision of the future that justifies current decisions²⁵⁵

Even if the contingency of market and economic actor’s behaviour make it impossible to establish perfectly sharable information among investors and producers, the awareness of a relative stability of competitiveness in the firms and aggregate demand would serve as device to maintain reciprocal bargaining power as steady as possible. It would create a system of expectations whereby there would be no relevant reason to fear an abrupt change in asset prices and aggregate demand. This would assure a steady level of financing for firms which would circularly fulfil the expected equilibrium among producers. A system in which the workers’ and the entrepreneurs’ respective instruments are maximized would, in other words, set an environment of solid reciprocal expectations. These would be coincident with a balanced bargaining power of all firm members, in their equitable capacity of obtaining financing in case they become “impatient agents”.

According to the convention theory we do not need to assume the possibility of perfect information among economic agents in order to presuppose the awareness of a reciprocal stable bargaining power. We just need to assume the self-fulfilling perception of a durable continuity. Crotty describes such a system of perceptions as the allegiance of the agents to a form of social convention:

a stable set of conventions provides one of the two major sources of conditional stability in a Keynesian model.(A stable set of institutions is the other.) The following quotation about conventional expectations from *The General Theory* helps clarify this point: “the facts of the existing situation enter, in a sense dis-

²⁵⁵ Tymoigne and Wray 2008, P. 15.

proportionately, into the formation of our long-term expectations; our usual practice being to take the existing situation and to project it into the future, modified only to the extent that we have more or less definite reasons for expecting a change". As long as conventions such as these maintain the allegiance of the majority of agents, they will help provide continuity and predictability to economic life. To assume that the existing state of affairs will continue indefinitely and to project the existing situation into the future is to adopt extrapolation as a mode of forecasting. Conventions thus help generate an illusion of continuity that can contribute to the creation of stability when conditions are right.²⁵⁶

The convention approach differs both from the rational and the irrational view. Within the rational perspective market unbalances are caused by decisions made exceptionally through imperfect information, which alter the prices which are "natural" within a context:

the expected returns on holding any asset are determined by "rational" individuals who use the guidance of *a priori* fundamentals. This theory is closely associated with the efficient market theory and requires that informational problems exist (asymmetric information, lack of computational power, or other problems) in order to explain the emergence of bubbles and over-investment. Otherwise, according to the rational view, information is optimally used, so asset prices are always at their fundamental value and the level of investment is always at its optimal value²⁵⁷

The irrational approach, similarly, assumes the theoretical knowability of the "natural" value of the assets within a certain context, but its exponents argue that asset pricing is mostly done by individuals who normally show little concern for the existing *a priori* fundamentals. In fact, «for some of the followers of this approach (the behavioural finance camp), this is a behavioural anomaly, but for others it is a normal behaviour (albeit irrational). In any case, irrational behaviours are believed to generate waves of panics and bubbles, which lead to periods of over- and underinvestment».²⁵⁸

Even if the theorized mechanism does not suppose perfect information and knowledge of "natural" prices, it is based on the idea of an equilibrium in investors' confidence due to the awareness of a continuous possibility of competitiveness redevelopment and a

²⁵⁶ Crotty 1994, Pp. 121-122.

²⁵⁷ Ibid, P. 14.

²⁵⁸ Ibid, P. 14-15.

relatively stable aggregate demand, due to the power of trade unions. These are the elements which, in order to validate the functioning of this proposed solution, have to prevent any flaw which can undermine an impatient agent's reliability in her demanding financial resources.

3 - A credit system run by private lenders which only compensates for temporal discrepancies should price its product exclusively according to supply-demand laws

A system where workers and entrepreneurs enjoy an optimization of their potential bargaining power, in order to remain stable, needs to incorporate a self-feeding mechanism of expectations which maintain equilibrium in investors' confidence. The system I have assumed must not experience the fragility which current market economy produces breaking such a confidence equilibrium.

This fragility is well underlined by Keen while talking about Keynes' idea of "uncertainty": «We project the present into the future, we comfort ourselves that our collective hunches have got the future right, we follow the herd. Expectations formed in this way are bound to be fragile, since future circumstances almost inevitably turn out to be different to what we expected. Expectations will therefore be volatile, resulting in sudden shifts in investor (and speculator) sentiment».²⁵⁹

The non-fulfilment of an expectation brings about uncertainty, an uncertainty which reflects the awareness that an economic structure may cause some economic actors to experience a flaw in the effectiveness of their economic instruments, whether labour skills or machinery. For instance, the case in which a certain number of capitalists become unreliable because of a crisis of overproduction can be interpreted, by the capitalists, as a miscalculation of the demand – or utility – which their means of production create. The same sorts of cases are interpreted, by the potential consumers whose demand has possibly lowered, as their deficiency in the first two kinds of instruments – an interpretation which is also more socially just.

The possibility that investors and creditors face uncertainty in their choice of whether to invest liquidity in some actor's project mirrors the weakness that such an actor may experience in obtaining something in exchange by means of what she offers. It can mirror,

²⁵⁹ Keen 2011a, P. 125.

in particular, the possibility that some agents within the economic system may not be able to produce enough to exchange in order to cover the credit which such an actor had required - whether those agents coincide with potential buyers or with the same producer on whom investors relied.

The possibility of uncertainty - as the mark that “some agents within the economic system may not be able to produce enough to be exchanged in order to cover the credit which they had required - can be observed, within the context of the credit system, in the specific determination of the price of credit granting.

Within the economic framework I am discussing, the credit system has been set as a management of financial resources owned by certain individuals who sell to other individuals the capacity to purchase material and human resources, capacity which can be read as an anticipation of a reward for their future contribution to community well-being. Such a capacity can be considered as an asset, a commodity which the creditors have created as required by their role and/or which they had “gained” – depending on the kind of banking system one assumes. The laws determining the terms of a commodity transaction in general within an exchange economy are supposed to follow relatively simple criteria: the cost of “raw materials” and the ratio between available amount of such a commodity and demanded amount, which in turn influences the bargain between the supplier’s willingness to sell and the demander’s willingness to buy.

The factor of quality, in particular, marks the difference between the significance of the concept of commodity in an ordinary sense and the commodity of “credit” for a discussion about the maximization of reciprocal bargaining powers. Contrary to the other kinds of commodity transactions, in fact, credit granting is the only case in which the factor of quality can pertain to the demander of the product, as well as to the supplier’s product. “Quality” in this case can be the reliability of the borrower, seen as the level of certainty given by the product achieving the predicted “success” and “functioning”. Its reduction would cause, in the described system, the supplier (lender) to increase the price (interest rate) in order to compensate for the higher chance of not being repaid.

In ordinary transactions the relevance of quality for an exchange economy can be subsumed under a model dealing with supplied and demanded quantity. Lower quality affects the price of the product in the sense of a decreased willingness to pay – or charge - a certain amount of money for a low-quality commodity. In the case of credit transaction, instead, the element of “quality for the supplier” assumes a further social meaning,

which cannot be incorporated within a simple market logic concerning supply and demand. Such a meaning is linked to an allocation of the economic instruments which is not balanced, since the anticipation of confidence link which coincides with credit granting may remain unfulfilled.

According to the self-feeding mechanism of expectations pictured above, the interference of the factor of quality for the supplier in the “sale” of credit – which corresponds to the possibility of uncertainty – would denote the presence of one or more of these elements: the institution of an imbalanced competitiveness among entrepreneurs and/or of an imbalanced bargaining power between workers and entrepreneurs.²⁶⁰

This means that the possibility of the interference of lower quality on credit price indicates that the function of these economic instruments is *not* structurally maximised for everybody – such a function being the “maximization of one’s own capacity to claim in exchange within an exchange economy”. To say that this function is not *structurally* maximized for everybody is equivalent to saying that - when quality plays a role in determining credit price – the possibility of achieving a maximization of capacity to claim in exchange or a maximization of matching a future product to a future demand would be at the mercy of contingency.

This is a central point, since the major purpose of this chapter is to theorize a social model which prevents the formation of pictures like this. I am attempting to hypothesize a distribution of socio-economic instruments in which the pragmatist purpose of creating a maximally enjoyable “sharing of conversations” and the Derridean purpose of achieving a genuine openness to the Other are authentically realized. If we interpret an “enjoyable sharing of conversations” as “an agreement between two or more individuals about what is reciprocally satisfying within the constraint of intersubjective life”, we can identify such a sharing with the fruit of the reciprocal bargain typical of the exchange of goods and services. So, in order to maximize the enjoyability which this agreement conveys we need to maximize the preferability – or “utility” – of what every agent can offer and also, therefore, bargain in exchange. A similar operative conclusion can be reached if we read the total openness to the Other as the task to maximize the Other’s potentiality to desire – to “claim in exchange”. I intend to outline a similar model in contrast with Rorty’s and Derrida’s actual proposals, since these latter assume the reliance on authorities whose decisions about what is desirable can be dependent on

²⁶⁰ For the sake of argument I will incorporate factors such as mere uncertainty for the success of an innovation later on.

necessities and desires – or “agreements” - produced by a contingent distribution of resources among individuals. One of the contexts to which the latter situation would correspond is the one in which the maximization for everybody of the function of the described economic instruments is only contingently reached – if reached.

Hence the necessity of verifying whether this first model which I am testing allows the possibility that the factor of uncertainty might condition the price of credit, given its significance for such a check.

In the case that lower quality – namely a certain level of uncertainty – does not interfere with the determination of supply and demand, we can abstract for simplicity from the cost of “raw materials” and state that, within a market of commodity-credit, interest rate and demand for credit are purely and circularly determined by each other. There is not the possibility that, in other words, interest rate may be determined by elements directly or indirectly produced by a lower level of expectation.

These elements are synthesized by Keen in the continuation of his introduction to Keynes’ concept of uncertainty in his recall of the phenomenon of liquidity preference:

a shift in expectations can suddenly change the values placed on assets, to the detriment of anyone whose assets are held in non-liquid form. As a consequence, money plays an essential role in a market economy because of its instant liquidity[...] This ‘liquidity preference’, Keynes argued, determines the rate of interest: the less we trust our fragile expectations of the future, the higher the rate of interest has to be to entice us to sacrifice unprofitable but safe cash for potentially profitable but volatile assets²⁶¹

Liquidity preference is therefore the attitude – of investors – to demand a greater reward in order to invest in less liquid and more risky assets. The idea of liquidity preference implies the apparent paradox whereby a decrease in investment can even make interest rates increase, since it would strengthen the perception of distrust within an economy. It prevents the market of credit from functioning according to a simple logic of supply and demand. According to Keynes, liquidity preference acts as «a barometer of

²⁶¹ Keen 2011a, P. 125.

the degree of our distrust of our own calculations and conventions concerning the future».²⁶²

²⁶² Keynes 1937, P. 216. Keen goes on by quoting what is perhaps the most famous systematization of Keynes' insights into the scheme of classical economics, namely Hicks' model. He presents such a model as an example of how the Keynesian concept of uncertainty has been concealed in the development of mainstream economics and of its political outcomes. In this framework, demand for money is directly in relation with the rate of interest without this relation being influenced by any liquidity preference. That is to say that an increase in the rate of interest reduces demand for liquidity made through loans, while a fall in the interest rate leads to an expansion of investment. Hicks does put it in contrast with the "typical" classic equation whereby «the amount of money determined total output (output was some constant times the money stock)» (Keen 2011a, P. 126). However, the resulting diagram ends up distorting Keynes' view and representing what the relation between interest rate and real output would be in absence of liquidity preference and in the absence of cases of uncertainty in expectations which are causes or effects of liquidity preference. The model can therefore be interpreted as a macroeconomic system in which interest rate and demand for money are circularly determined by each other. According to Hicks synthesis, «income and the rate of interest are determined together at P, the point of intersection of the curve LM representing the combinations of income and interest rate whereby the demand for money is constant, equal to a certain money supply and the curve IS representing the variation of income-expenditure correspondent to a certain level of interest rate. They are determined together; just as price and output are determined together in the modern theory of demand and supply» (Hicks 1937, P. 153). For this model, an increase in the interest rate makes the demand for money drop, while an increase in income makes it increase. Higher incomes, in fact, increase demand for money because, by definition, what is income for somebody is an expenditure for somebody else: higher incomes correspond to an increase in transactions and, therefore, to a higher demand for cash, in comparison with a situation of recession or stagnation in which money is prevalently hoarded rather than used and engaged in circulation. Higher incomes increase demand for money also because a positive economic trend favours profit expectations and willingness in firms to finance new projects. A further amount of liquidity – through bonds, for instance – is therefore demanded. Nevertheless, the consequence of this is to make interest rates increase. The meaning of the LM curve is, in fact, that in order to maintain demand for money constant income has to increase together with interest rate. This can also be interpreted by saying that suppliers of money perceive it convenient to raise the price during periods of demand increase. On the other hand, when interest rate increases investment drops and so do income and demand for money. The cycle ideally "begins" again with low demand for money and low interest rate. The diagram can be therefore interpreted as the graphical representation of all the points "covered" by a dynamic cycle in which price of and demand for credit determine each other without the interference of uncertainty. This scenario is evident and intuitive if one imagines – as in the picture assumed by Krugman - that the creation of money is not endogenous and that, therefore, money can be considered as finite, at least within an environment abstracted from government intervention. Within a similar environment, in fact, the difference between a situation in which a calculable share of liquidity is temporarily "unused" and a situation – higher incomes - in which a greater share is actively used, making its cost increase, is clearer. In effect, in Hicks' model «the money supply was treated as exogenous – determined external to the model itself, independent of any forces in it, and completely under the control of the monetary authorities» (Keen 2011a, P. 126). Should the monetary authorities decide to decrease money supply, it is generally accepted that the model shows an increase in interest rate, according to the supply and demand laws: «Holding constant the amount of income and thus the demand curve for real money balances, we see that a reduction in the supply of real money balances raises the interest rate that equilibrates the money market. Hence, a decrease in the money supply shifts the LM curve upward» (Mankiw 2010, P. 305). Also, the level of prices is imagined as constant within IS-LM model and so I treat it in this paragraph, for the sake of simplicity. Considering money creation as endogenous – namely as the result of the creation of deposits each time private banks grant a loan – makes a graphical representation of the model more complex. In the first place, in such a situation an increase in money supply cannot simply lead to a decrease in interest rate since it implies, in theory, a coincident increase in demand for money. In order to univocally figure out how supply-demand laws work in this case we would need to closely examine the respective bargaining power of lenders and borrowers, which depends on their willingness, desire and necessity to carry out the dealing. Moreover, it is problematic to presuppose an endogenous creation of money which is "pure" since, in this case, even in the macroeconomic situation which I am analysing, private banks may have to deal with the constraint of the cost of loan "raw material", liquidity reserves. In the current banking system, for instance, the amount of assets (loans, deposits) a bank holds is usually much broader than the amount of reserves ("base money") it possesses, through

4 - Main issues to be solved to defuse uncertainty. Recall of the very pragmatist meaning of such issues

In order to conclude that all economic actors enjoy equally maximized instruments of production, the cost of credit issuing in the scenario I have assumed has to be determined only by supply-demand laws. We have to ask whether the first hypothesis I developed, in which suppliers of work and of means of production have their respective instruments maximised but keep their roles separated, manages to structurally maintain such a characteristic.

According to the premises I have laid down, in order for this criterion to be fulfilled the third agent, who acts as a supplier of “confidence link” (credit), must not have the possibility to perceive a change in the conventional expectations of its customers’ economic product profitability. More precisely, it must not have the possibility to perceive that the expected profit of its customers may turn out to be so low as to not cover the sum of money she needs to pay back. For us, in fact, it is essential that in the structure of the economic scenario I illustrated there is no possibility that creditors perceive such an uncertainty. This very possibility would manifest the fact that the recalled structure makes it not necessary – but, rather, contingent - that the price of credit responds to pure supply and demand criteria. This would mean, in fact, that it is not necessary that in such an economic system all actors have economic instruments which are equally efficacious and maximized in their function, where “function” means their capacity to be economically useful and demanded by a community so as to make their possessors acquire a certain bargaining power.

But in what way can the hypothesized system fail to equalize and maximize for everybody the social utility of its instruments and create a relevance of “liquidity preference”

which it fulfils withdrawals and settles payments with other banks. It is therefore a normal juncture in the everyday transfer of reserves among banks that a bank may reduce its liquidity. In order not to risk running out of liquidity, therefore, it has to “purchase” more reserves from the central bank or it has to obtain additional reserves by attracting other customers’ deposits, coming from other banks. In practice, banks attempt to do that by raising the interest rate through which they reward these new deposits, which can be seen as the practice of competing with other buyers in order to purchase the “commodity” which is, in this case, the raw material of loans – liquidity (See McLeay et al. 2014). Each time a similar situation appears, a bank has to calculate at what price the loan it grants would be profitable. All this prevents a situation of endogenous creation of money from representing a parallel increase or decrease in demand and supply for money. It also precludes the existence of a fixed cost for a certain amount of “loan raw material”. What is essential for us at this point, in any case, is to underline the necessity that the process of credit granting *necessarily* responds to pure supply and demand laws, even in the case that they are not as simple and intuitive to represent as in Hicks’ model. This necessity is in effect fulfilled also by the endogenous money system I have just illustrated, in which interest rate is set by a social bargaining between suppliers and demanders and by the cost of “raw materials”, without any role attributable to uncertainty.

in the price of credit? I pointed out earlier that such an occurrence has to correspond to the formation of a discrepancy between the bargaining power given by the instruments of labour power or of means of production. A discrepancy meaning that the product of the work of some of these instruments becomes less “useful” or less “important” to society, so as to confer lower power of negotiation in the exchange with its producer.

Such a conclusion comes from the assumptions which the constructed system has required. In fact, the existence of an institution whereby possessors of means of production – except in the very short run – enjoy, within their “category”, an equivalent instrumental utility and power of negotiation has been assumed. A similar situation has been imagined for the possessors of labour power, thanks to the protection of the organization of trade unions. These assumptions need to be verified in their actual empirical feasibility²⁶³, but at a first logical assessment seem to be coherent: the first one simply states that by giving each individual of one “category” the same economic utility, all members of that category enjoy the same bargaining power. The second one is even tautological, stating that by reducing all workers to one virtual negotiator, they can enjoy the same bargaining power. The next assumption which has been made is more nebulous; it asserts that the task of such an organization of trade unions is also to create a context in which the cost of disagreeing with trade unions for the entrepreneurs is equal to the cost of disagreeing with entrepreneurs for trade unions. The pragmatic basis of that has not been explicated yet in terms of reciprocal bargaining power founded on respective contribution and utility to the community. That is to say that it is not clear why and how the two categories of agents should achieve the same level of utility or capacity to negotiate, while owning two instruments which are different and non-commensurable in the historical weight of their social utility.

All this suggests that, in order to clarify whether the proposed system lets all agents have economic instruments which are equally efficacious in their economic weight, we have to concentrate our energy on the determination of the reciprocal force of what I synthesized as the group of labour power owners and the group of the owners of means of production.

As terminology gradually becomes more complex, however, it is important not to forget the pragmatist goal which the maximization of economic utility of both labour power and means of production fundamentally carry. With this goal I indicate the necessity

²⁶³ Indications of likely ways in which similar assumptions may be realised are given in the fifth chapter, by means of empirical references and a case study.

that, on the one hand, the technological and organizational advances utilized by entrepreneurs and useful to make the product of labour as satisfying as possible are enhanced among work unities as much as possible. This is clearly a pragmatic purpose, aimed at improving “indiscriminately” what in the first two chapters I referred to as the preferability of a situation as it is perceived by the naturalnesses of the involved individuals. On the other hand, this same maximization of advances has to be accompanied by a pragmatic optimization of the concept of exchange economy in which they are installed, based on reciprocal bargaining powers aimed at claiming something in exchange. According to the conclusions reached in the course of the third chapter, it needs to ensure a potentially equivalent reciprocal utility of all economic agents, in order to do justice to the desires and naturalness of as many individuals as possible. This is reached among the entrepreneurs by means of the equal maximization of advances mentioned earlier, and among the workers by means of the organization of perfectly cohesive trade unions. The problematic equivalence of the bargaining power of these two groups, instead, is what I am going to examine now.

A maximization of the quality of the products combined with an equivalence of the potential reciprocal powers of negotiation among those who produce them would be the highest pragmatic realization of the very structure of *exchange* economy, analysed as a set of agreements among individuals about what is reciprocally advantageous within the constraints of intersubjective life .

5 - The inquiry on the possibility of an equivalent reciprocal power of means of production and labour: cultural and theoretical reasons

There are two interconnected reasons why I first interpreted the problem of the maximization of reciprocal economic utility as resolvable through the maximization of the utility – and, consequently, bargaining power – of the specific instrument possessed by an agent, whatever typology it is.

Firstly it is because the vagueness of what I named as the “nebulous” assumption of the potential equivalent bargaining power of workers and “work demanders” may be nevertheless dispelled by something which is apparently logically coherent. This is the equivalent necessity of the two involved instruments, labour power and means of production, for human society in order to implement an exchange economy. We have there-

fore the need to verify whether a similar argument can be seriously applied in order to legitimise the focus on the balance of bargaining power of different separated roles.

But such a hypothesis also deserves our attention because it presents a division of roles which, historically, seems to constitute a sort of inescapable condition for the good functioning of a modern exchange economy according to the majority of the analysts of macroeconomic unbalances. The overwhelming agreement on – or placid assumption of – the convenience of such a separation has made it even possible to univocally associate it with the capitalist organization of production in a very broad sense, which goes beyond the distinction between “free market economy” and “state planned” or “state supervised” economy, as Wolff underlines:

[In the definition of capitalism] I highlight the internal organization of production and distribution: how the social sites where goods and services are produced and distributed organize those processes. A capitalist system is, then, one in which a mass of people – productive workers – interact with nature to fashion both means of production (tools, equipment and raw materials) and final products for human consumptions [...] the capitalist agrees to buy worker’s labour time [...] Finally, the worker agrees that the total output emerging from her or his labour is immediately and totally the private property of the capitalist²⁶⁴

Wolff insists on how the necessity of a distinction between labour demanders and labour suppliers has gained the status of a self-evident truth to the extent that, within the debates about the issue of wealth distribution, any disapproval of such a basic structure has appeared as a taboo: «[...] it was possible to target capitalist enterprises’ monopolistic activities, racial and gender discrimination and environmental degradation – even the corruption of political institutions. However, critics learned to focus only on the specific misbehaviours – not on the economic system that induced, rewarded and reproduce them». ²⁶⁵

The persuasion that a similar distinction of roles is the natural or suitable framework for a capitalist system has even characterized the theses of economists who have tried to go beyond the current aspect of market economy. Most authors who recently took position against the current model of the financial and labour market and the inevitable imbalance of bargaining power it brings, in fact, incarnate attempts to promote more or less radical reforms to the relationship between the powers held by workers and possessors

²⁶⁴ Wolff 2012, P. 37.

²⁶⁵ Ibid, P. 42.

of means of production. The fundamental message which seems to pass through their texts is that, in order to mitigate or cancel the supremacy of one class – usually the “capitalists” – over the other – usually the “workers” – we are right to rely on the capacity to negotiate which can be potentially acquired by the lower class. Keen, for instance, after having demonstrated that the reward received by workers does not depend on their marginal contribution to output but on the relative bargaining power of employers and employees, in order to equalize this situation suggests the institution of a minimum wage and the existence of trade unions:

Without trade unions, the labour supply will be competitive and will therefore be ‘exploited’, because the wage will be less than the price for which the marginal worker’s output can be sold [...] With a monopoly seller of labour confronting non-competitive purchasers of labour, the wage is indeterminate. It will lie between the minimum set by the marginal revenue product of labour (which means that firms are exploiting workers), and the maximum set by the rising marginal cost of workers (which means that workers are exploiting firms). The final position will be determined by the relative bargaining power of the two groups, which cannot be determined by the market²⁶⁶

The confidence here is on the fact that a construction of a monopoly of the instrument of labour power makes its possessor able to compete with the bargaining power of the possessors of the other kind of instrument. Keen’s stress on the measure of minimum wage²⁶⁷ also presupposes, in the end, that the “lower” class owns a power of negotiation which is sufficient to politically compete with the one of “employers”, even if this signifies simply to acquire the necessary consciousness to support or set up a similar political proposal. But the overall logic is based on the implied argument that, since the workers’ power can theoretically be made equivalent to the employers’, we do not need to deal with any issue concerning the legal control of means of production by suppliers of labour.

Another paradigmatic example is Piketty who, instead, neglects the problem that «income and wealth distribution are co-determined by technological, cultural, and social forces that become entwined with the legal and institutional structure of the economy».²⁶⁸ As Colander points out, Piketty glosses over the overall discussion about the

²⁶⁶ Keen 2011a, P. 81.

²⁶⁷ See *ibid*, part one.

²⁶⁸ Colander 2014, P. 162.

oligopoly of technological progress combined with the legal and property rights framework such as ownership of assets, patents and machineries as influencing income distribution. He just concentrates his attention on how the means of production decide marginal product and, consequently, wealth inequality and how to best patch up the imbalance of wealth coming from this system. What he recommends is a progressive income tax:

The problem with Piketty's discussion is that it is based in a Ricardian framework in thinking about the income distribution problem. Let me explain. David Ricardo framed the income distribution question as a technical production issue. In Ricardo's model technology determines marginal products and marginal products determine income distribution. This means the policy to affect income distribution is a redistribution policy; it accepts marginal productivities, but is designed to modify the resulting pre-tax income distribution through some type of equality preferring tax policy such as a progressive income or wealth tax²⁶⁹

Positions such as Keens' and Piketty's reflect the predominant attitude of a cultural environment and represent two different branches of the attitude whereby the dualism employer-employee can be accepted as the structural form of market economy. According to the first, the separation of ownership between the instrument of labour power and of the means of production is not necessarily unbalancing since you can take action to equalize reciprocal bargaining power. According to the latter, a social organization other than such a separation is not even worthy of being taken into consideration within a "capitalist" economy. Consequently, what I intend to do is to verify whether the first statement is correct. In case it is not, I intend to demonstrate that a reform of the traditional separation of roles existing within production is worthy of being taken into consideration, as more likely to carry the logical and material prerequisites in order to create a community of individuals with equivalent instrumental reciprocal bargaining power.

6 – The dialectical fallacy of the practices of trades unions. The arbitrary rationality of this solution

²⁶⁹ Ibid, Pp. 161-162.

The logic which drives the attempt to build such a community while maintaining the role separation is based on two axioms. The first one, as already stated, is that by giving each individual of one “category” the same economic utility, all of its members enjoy the same bargaining power. This is realized, within the category of the “entrepreneurs”, by the sharing of innovation I recalled and, within the category of “workers”, by their perfect coordination through trades unions in which each supplier of labour power is safeguarded to the same degree.

Notice that, contrary to the case of entrepreneurs, the typical characteristics of the instrument of “labour power” lead to the fact that the degree of utility within this category cannot only be enhanced and equalized only through an improvement of the “quality” of the instrument (of labour skill). The essential difference between the category of employers and employees is that, if in a scenario of maximization of instruments there is an excessive “supply” of entrepreneurs in respect to the number which would be necessary to fulfil the demand of a specific commodity, this only results in a decline of income for the entrepreneurs. But in the case that there are too many employees in respect to the minimum number necessary to produce a commodity, the most likely result, in the absence of trade unions, is not an equal profit sharing – preferably accompanied by a lightening of respective workload. The result is a fall in the number of employees: quantity of labour can be manipulated according to necessity, contrary to employers who do not “depend” on anybody. But this reduces the concept of labour power to a merely quantitative one and this is the reason why I did not give a central position to the question of workers’ equivalent training.

One can assume - as I have done - that any feature linked to quality and efficiency of a worker’s job is optimized by an equal training among individuals or as the product of the entrepreneur’s commitment, organization or capacity to provide incentives and innovation. But the social utility of labour power in situations such as the one just imagined is merely measured by the amount of willingness to provide such a power by its suppliers, such as in a logic of supply and demand. That is to say, in plain words, that in the absence of an efficacious trade union, workers may engage a downward trade war, in which the continuous presence of somebody’s willingness to provide a larger amount of work at the same price alters all members’ utility. A coordination between workers would essentially make, instead, the overall level of willingness to work homogeneous and adequate for every worker, as though they were one single person negotiating with the members of the other “category”.

The second axiom which holds up the solution of the equivalent maximization of each agent's specific instrumental economic power has been identified in the recognition that, within an exchange economy, the two groups of individuals conceptually separated and ranged within the sets of "possessors of labour force" and of "means of production" are, taken in their entirety, useful for the functioning of the overall economy in an equivalent way. To recall the pragmatic purpose of this text we can state that such a solution envisages an optimization of the quality-utility of every enterprise, combined with an equal sharing between the class of employers and employees of the fruit generated by the enterprise exchange power.

At first sight the potential "equal usefulness" and power of the two entire groups may seem even obvious, given that the very structure of an exchange economy supposes the presence of both means of production and labour power as its condition of possibility. The empirical evidence of the historical discrepancy between the bargaining power of the two categories, though, makes this remark less obvious. What can be said, therefore, is that the logic of the second axiom is founded on the auspice that the very structure of production makes it possible, by means of adequate improvements, to maintain the specificity of the roles called, for simplicity, "workers" and "entrepreneurs" while making the reciprocal social utility – and bargaining power – of their owners equivalent.

But what occurrence ensures an achievement and recognition of both groups of agents as being necessary in an equivalent way for the functioning of an exchange economy? As the case of workers self-coordinating within trade unions can convey, such an occurrence coincides with the very element of recognition of oneself as being essential to the process of production. Once both the utility and the bargaining power of an economic instrument are recognized as being determined by the suppliers' willingness to provide it, and the kind of instrument is recognized as essential for the functioning of the economy, each authority's pragmatic impulse to the maximization of its benefits would lead to the formation of a monopoly, in which all singular instruments of that kind are essentially transformed into one instrument managed by one supplier, in order to perfectly control the level of price and the level of "willingness".

The recognition that "utility and bargaining power of one's instrument is determined by the suppliers' willingness to provide it, and that such a kind of instrument is essential for the functioning of the economy", is likely to be developed even among the possessors of means of production or, at least, among the possessors of certain types of these latter.

All this would not be strictly at odds with any laws concerning supply and demand. It would simply represent a certain choice made by a group of individuals about how much it is convenient for them to offer, given a certain effort and reward, as any agent would do in an exchange economy. In this sense we can read such a choice as a strategy to “compete” for an advantageous outcome in the exchange, as several authors also acknowledge when talking about the concept of “cartel”:

cartels do not abolish competition, but regulate it. [...] Economic analysis works with a stark dichotomy of markets (cartels as distortions) or hierarchies (cartels as incomplete, inefficient internalization). This conceptual straitjacket leads to one of the largest misconceptions about cartels that they halt competition and innovation. Instead they reshape the rules of the game on which competition rests. [...] If one takes the perspective that joining cartels is a form of competitive strategy, or at least a cooperative way station on the road towards future competition, one can explain why cartels have not damaged economic growth as much as some might expect²⁷⁰

But even if the recognition that the bargaining power of an instrument is also defined by the suppliers’ willingness to provide it is not at odds with the law of supply and demand, such a perspective is nevertheless helpful in order to clarify the nature of the hesitation I have already expressed over the risk of relying on a separation of different instrument ownership.

In this scenario a potential equivalence of the power and usefulness of two instruments which are usually non commensurable in their historical weight of their social utility is, in fact, supposed. The modification toward symmetry of the social weight of these economic instruments implicit in this passage is realized through a mechanism which is essential within Hegelian dialectic: the act of self-recognition. More precisely, the recognition of oneself as being in a certain instrumental context – or as being a certain instrumental context – which makes certain relative power and desires arise.

The consciousness of being a certain context refers, thus, to the precise context describable as “possessing a tool whose absence would undermine the entire process of production”. The equivalence of bargaining power between owners of labour power and owners of means of production corresponds to the recognition of the precise, circumscribed and restricted context – which in an empirical terminology can be considered to be both

²⁷⁰ Fear 2006, P. 4.

“material” and “psychological” – given by the expectation of a possible absence of either instrument. But this is not the *overall potential context*, because it is not an account of all possible instrumental situations which may occur and determine reciprocal bargaining power in contrast with the equality assumed by such a scenario.

This scenario, in fact, takes the threat of either instrument absence as *given*. It does not consider or explore the possibility that not all members of the category of employers or employees may find it profitable to enrol in an official union of individuals in order to act “as one”. In fact, there is no given structural justification whereby an individual’s naturalness should necessarily perceive that way as the most convenient to follow within an environment made up of different contingent possibilities. Some individuals belonging to the category of workers may, for instance, decide that it is more convenient for them to leave the trade union and ‘ally’ with the other category, becoming independent workers who choose to be employed by some firms.

Such a choice would appear perfectly rational and suitable with the contingent naturalness of these workers in the case in which a company board of directors has to opt for one of the following alternatives. On the one hand, to hire a reduced number of workers – as new technological-organizational advances would allow them to do – so as to obtain a revenue which is the same or higher than before, but a personal profit which is much larger. On the other hand, to humour trade union pretension to divide the same amount of work and revenue among more workers, obtaining the same revenue but a smaller personal profit. If some workers choose to help a company realize the first option, they are possibly rewarded with a wage which is little higher than the one they would get by contributing to make the union win its battle.

Without taking into account possible collateral repercussions, such as a drop in aggregate demand which would make profits lower, in the short run a similar decision can be reckoned as perfectly rational by several workers, given the associated economic expectations. It would appear as a rationality which is equivalent to the one driving the formation of trade unions: the difference would only be the purely arbitrary preference of the kind of rationality to embrace – whether a “selfish” rationality or a rationality coincident with reciprocal esteem and empathy with fellow members of the workers community.

This case would manifest a potential prevalence of the bargaining power of means of production over labour power. This is essentially due to the fact that the tendency to technological progress intrinsic to the means of production permits the possibility that

possessors of these latter may require a number of employees which is smaller than the available amount.

The possibility whereby a trade union fails to persuade all the workers to join together is not the only case which may occur and demonstrates that the “expectation of a possible absence of one of the two fundamental instruments” is not the overall potential context. Assume that within a community all workers have chosen the “non-selfish” rationality and the risk of an actual discrepancy of bargaining power due to the structural advantage given to entrepreneurs by tendency to technological progress has been dispelled. Despite this, other structural differences in the behaviour and role of the two economic kinds of instrument may still alter the equality of reciprocal bargaining power. Consider the following example:

The presence of workers’ power is transparent when strong labour unions call a strike or negotiate collective agreements. But workers have power in other contexts too. As an example, consider a labour discipline model. The model assumes an adversarial relationship between self-interested rational agents; employers want high work effort, workers want low effort. But workers’ behaviour cannot be monitored perfectly and instantaneously by their employer, and for workers this is a source of power: it gives them an ability to affect outcomes for the employer²⁷¹

Exactly as in the previous example, here we have a structural possibility that the two categories’ reciprocal power is arbitrarily dependent on the ‘rational’ and material instruments which have been contextually used. In this case, the discrepancy consists in an informative asymmetry in the reciprocal “confidence link” in favour of the employees – whether combined with a monopoly in the supply of labour power or not.

Since the occurrences just hypothesized are structurally possible, the rationality expressed by the recognition of an equivalence of bargaining power and social utility of the two kinds of instruments would correspond to what throughout this text I have been blaming as a “dialectical” form of rationality.

I defined as a dialectical attitude, in fact, “a transformation of rationality caused by an abstraction of a particular perception of necessity and desires from the overall account of current or potential necessities and desires”. Such an abstraction of restricted necessities and desires ensures that the overall pragmatic meaning which a situation would

²⁷¹ Guy and Skott 2013, Pp. 6-7.

have for all individuals is not considered. In effect, the pragmatic weight of a situation in relation to the overall “being” of an individual can only be considered by accounting for all the contextual repercussions a situation is likely to provoke and in contrast with all the pragmatic potentialities any particular individual can hope for – the pursuit of which is excluded by the abstraction. Whether such a lack of consideration is forced and deliberate or inadvertently carried out it leads to the fact that, while deciding for an agreement, all contradictions and desires likely to arise from the non-considered “part” are neglected.

The alternative attitude would be that all individuals are endowed with the instrumental potentiality to pursue the same and highest possible utility for themselves whether through direct satisfaction or through claiming something in exchange. In this way, the only limitations to a possible pragmatic improvement of a single’s existence would be the constraints which derive from living in a community where the “other individuals” can claim the same in exchange.

For these reasons, a dialectical stance tends to gather under a practical equivalence pragmatic values which are not equivalent. The phrase “practical equivalence” represents the formal translation of what occurs within a social agreement. It describes the conceptual unity a situation acquires once two or more economic agents make an agreement over a certain exchange.

For example, the job and the poor working and environmental conditions which a native Philippine faces on behalf of a Western mining company is seen as exchangeable with and, therefore, practically equivalent to the low wage the company grants her. These elements together constitute the socially and legally accepted conceptual unity of a “miner working for a certain payment”. Such a conceptual unity serves to overcome some perceived contradictions, as in the traditional Hegelian scenario. These can be the need, perceived by the company, of inexpensive labour force or raw materials and the need, perceived by the local community, to sell some assets in the attempt to lighten the burden of its foreign debt, combined with the desperate need to work of the native Philippine.

It does not matter, to the mechanism of a dialectical transformation of rationality, that the needs of the company can only be concretely claimed and fulfilled once a situation where inherited technological and organizational backwardness is established. A situation which leaves the local government and the citizens no other choices than the desire

that cheap natural assets and cheap labour force be bought by some richer entity. All these factors hide many individuals' pragmatic potentialities. It does not matter to a dialectical mechanism, also, that the achieved social arrangement is fragile since it may happen that the company leaves that place, attracted by still cheaper labour force elsewhere – confirming a tendency toward a strong bargaining disadvantage of workers' category. A dialectical development of the economy ignores the effective or possible presence of these elements, focusing on pragmatic needs which are partial and abstracted because they conceal the actual pragmatic meaning which a context represents for an individual. From the point of view of an ethical-pragmatist commitment such a dialectical abstractness precludes, above all, any putting into practice what would be maximally reciprocally satisfying to do within the constraints of intersubjective life.

In the light of all this, the political proposal of optimizing-equalizing entrepreneurs bargaining power on one side and optimizing trade unions' bargaining power on the other side is a dialectical move. In fact, it accounts for the perception of necessity of a contingent authority-rationality rather than optimizing every economic agent's instrumental potentiality and aiming at a maximization of reciprocal utility. Such a move only takes into account, in fact, the consciousness of an authority which presumes that certain dynamics of forces will not happen – dynamics such as some employees preferring an “alliance” with entrepreneurs rather than an environment of reciprocal benevolence and solidarity with other workers, as well as the firms technological advance which would make this alternative possible. A similar authority utilizes a restricted conception of human potentialities and naturalness in order to realize an improvement of social benefits.

7 - The dissemination of reciprocal distrust after singular episodes of power discrepancy as expression of conventional rationality

In the last paragraph I have established that the hope to equalize and maximize reciprocal utility by means of a maximization of the instrument usefulness of the different roles of the productive chain – means of production for the employers and labour power for the employees – is based on dialectical presuppositions. But I have not taken into account that such a scenario had been inscribed within the more comprehensive hypothesis whereby each potential entrepreneur and worker is endowed with suitable tools and skills in order to optimize her potential utility. This contextualization transforms the de-

scribed scenario into an environment which may in fact supply, in its overall functioning, adequate instruments to achieve the ethical aim above. In theory, each dismissed employee would have, in the medium and long term, the possibility to maintain her income and the overall aggregate demand stable by setting up a new competitive activity and by hiring employees who would organize through a powerful trade union as outlined earlier. Thanks to the anticipation of such a development, uncertainty and informational asymmetry would not influence the supply of credit which would finance the workers who have been excluded from the profit of the previous firms and a self-fulfilling cycle of expectations would go on.

Unfortunately, this simplistic picture of what is supposed to happen is founded on a dialectical conception of the notion of expectation by creditors and, also, by potential entrepreneurs. Such a notion, that is to say, overlooks the contingency which characterizes particular rationalities and the level of reciprocal information, which ensues from the concept of dissemination of the individuals' arbitrary rationality and awareness on which this overall text is based. This character ensures that the instrument of reciprocal expectation – or “confidence”, “information” – needs to be actively maximized, as do the other instruments, each time a temporal or instrumental discrepancy occurs within the community of producers and cannot be left at the mercy of singular individual consciousnesses. In recalling this point, I will quote studies which show the arbitrary and contingent conceptions of expectation which potential creditors and entrepreneurs would necessarily assume as a reaction to the discrepancy concerning trade unions which I described above. Such an arbitrariness has to be intended to be in contrast with the conception which would be “pragmatically suitable” to maximize reciprocal utility, that is an expectational attitude toward the future whose goal is – as I stated earlier talking about the practical function of credit – the language game of recognizing the highest productive potentiality of any individual.

The point I intend to make here is not that it is possible to create an institution which is completely immune to arbitrariness in its informative tools and expectational attitude. The point is that it is possible to have an institution which, at least, *focuses* on that pragmatically suitable language game – a similar institution will be described in the next chapter. The typologies of current institutions of credit – which are mostly, in turn, kinds of private entrepreneurs - on which the discussion of this text has been necessarily based so far simply *do not focus* on that language game but, as will be clarified, on different ones which privilege, for instance, non-collaborative, myopic or short-term lo-

gics. Even more so, this discussion applies to the kind of expectation manifested in potential new entrepreneurs. I will talk now about these arbitrary language games concerning the instrument of reciprocal confidence-expectation, the conclusion of the discussion being that the traditional separation of roles within the productive chain is inadequate to achieve maximization and equalization of reciprocal utility.

The high likelihood of an arbitrary reaction of the various economic agents' expectation and confidence facing a context of power discrepancy such as the one involving trade unions can also be drawn from the application of the Keynesian philosophy of knowledge and rationality to the "phenomenological" analysis of reciprocal attraction presented in this text. According to this latter, as we have seen, any human agreement can be interpreted as a recognition of reciprocal instrumental utility – considered in its broad sense – and a consequent attempt to obtain what is desired by giving in exchange something which is desired by the partner in order to build up the relationship. Interpreted in the framework of an economy of exchange, this means that confidence in the future and, in general, the push which makes an economy grow, coincide with some economic agents' desire to support "the other's" desire in order to be supported in turn. The underlying determinant of this is, obviously, the awareness of future reciprocal utility. Such an awareness would be justified – or "pragmatically self-fulfilled" – in the case that any agent's expectational attitude respected the pragmatically optimal language game according to which the goal is always to recognize each other's potentialities for a reciprocal benefit. But the arbitrary material and logical framework in which these agents are embedded – and with which, in a sense, they coincide – ensures the predominance of the contingent abstract perceptions depicted in Keynes' thinking.

The gnoseological conception of Keynes can be placed near what has been explained in the second chapter of this text about the relentless de-contextualization of any authority's naturalness formed as a reaction to a preceding authority's (arbitrary) impositions. In the wake of Derrida's philosophy of radical contingency in the appearance of the Other within a supposed "identity", the "legitimacy" of an authority had been located in its responding to certain needs provoked by a previous system of authorities. Since these needs are contingent and arbitrary, that is to say proper of a rationality which does not account for the continuous becoming and for all pragmatic potentialities, the very reaction to them inevitably maintains such an arbitrariness. Translated into Keynes' concepts, the idea of contingent and unpredictable coming of the "other" can be seen as

corresponding to the consideration of the absolute uncertainty in respect of the transformation of a holistic environment, while the arbitrariness of any need-desire corresponds, in effect, to the mere conventional nature of agents' expectations. At the basis of Keynes' macroeconomic convictions there is the holistic - or "organic" - conception of the world, a world whose development cannot therefore be predicted by looking at the behaviour of its single parts because the sum of these parts taken together corresponds to another, different "object" whose behaviour is not commensurable with the logic manifested by any of its "abstracted" particular aspect. As Dow puts it:

The source of this inconclusivity or uncertainty was the nature of the real world, which Keynes understood to be organic rather than atomistic. As he put it in discussing the application of mathematics to economics: "We are faced at every turn with the problems of an organic unity, of discreteness, of discontinuity – the whole is not equal to the sum of the parts, comparisons of quantity fail us, small changes produce large effects, the assumptions of a uniform and homogeneous continuum are not satisfied". Keynes notably applied one feature of an organic system, the fallacy of composition, in his macroeconomics. For example the paradox of thrift arises when individual intentions to increase saving are thwarted by their macroeconomic consequences, something of concern in current circumstances. Similarly there is a paradox of liquidity, whereby the attempt to make portfolios more liquid reduces the liquidity in the system, as we experienced during the banking crisis. Individuals cannot be sure of their expectations being met, creating uncertainty²⁷²

Facing such a contingent development which structures reality, Keynes argues, economic agents resort to a "conventional rationality" in order to shape their own expectations:

Keynes argued that, in an open organic system, reason and evidence alone are not sufficient for judgment, to yield theoretical conclusions or to justify decision making. Yet agents normally do manage to form a view when uncertainty is present, but not prohibitive. Keynes argued that this was made possible by recourse to conventional judgment as an input to individual judgment: "We do not know what the future holds. Nevertheless, as living and moving beings, we are forced

²⁷² Sheila C Dow 2010, «Keynes on Knowledge, Expectations and Rationality», presentation to the Center on Capitalism and Society Conference on Microfoundations for Modern Macroeconomics, New York 19-20 November 2010. Pp. 3-4.

to act. Peace and comfort of mind require that we should hide from ourselves how little we foresee. Yet we must be guided by some hypothesis. We tend, therefore, to substitute for the knowledge which is unattainable certain conventions, the chief of which is to assume, contrary to all likelihood, that the future will resemble the past”²⁷³

We can now define such a conventionality of a rationality as the character of being legitimated or justified thanks to its being suitable to fulfil certain particular, arbitrary needs and desires felt by certain authorities. The concept of “conventional”, in this way, ends up coinciding with the concept of “dialectical” as I have been defining it. The desires targeted by these kinds of decisions result as being pragmatically inadequate because they have been shaped by an awareness which only perceives what in a certain moment is the “present” identity to enhance, failing to account for the possibility of an overall maximization of benefits. This is the fallacy of Rorty’s neo-pragmatism and Derrida absolutization of the Other’s authority, as we have seen. It is also the fallacy of Hegel’s dialectic, in which each stage synthesis, in absence of criteria other than the consciousness contingent sentiment of advance and completion, is likely to be a contingent modification of random identities. In general, a “conventional” awareness of necessities-desires forms itself either as a consequence of a random disposition of socio-economic instruments or as a reaction to (or influence from) an economic attitude which is the result of that disposition. In either case, the outcome is a language game which structurally does not arise from a logic of “maximizing-equalizing reciprocal expectation and bargaining power”.

It is worth noticing that, as has already been hinted at in the paragraph about financial bubbles, the rational logic according to which human beings set up economic relationships ensures that an imbalance of individual’s bargaining powers may set off a spiral of relentless self-feeding imbalances. Since economic agents’ desire to support “the other’s” desire is correlated to the desire to be supported in turn, the underlying determinant of this being the awareness of future reciprocal utility, aggregate social reciprocal bargaining power – or reciprocal “attraction” – cannot be considered a zero-sum game but can grow or decrease in dependence on complex entangled mutual expectations and potentialities. In fact, a language game which enhances inequality of power, oppression and weakening of certain social groups can cause the phenomena of spread of impoverishment, “sawing off the branch on which one is sitting” or lack of reciprocal

²⁷³ Ibid, P. 7.

confidence to explode. For instance, a reduction of a part of working class's income due to employers' increase of technological bargaining power may have risky side effects. First of all, to divert the utilization of that liquidity from consumption and from purchasing goods and services offered by small-medium enterprises to allocation in less liquid assets such as stocks, future and forward contracts, partnership shares in hedge funds, in simple accumulation or in purchases of luxury goods. This would denote a concentration of employers' money within a much smaller circuit of – powerful – agents and a sharp decline of the exchanges among owners of small-medium enterprises, worker and, in general, middle class' actors. A serious decrease in these latest's reciprocal confidence would follow and will exacerbate itself as in a vicious cycle. The consequent weakening of middle class' productivity, employment and income may turn against the business – and therefore the bargaining power - of the first employers: the side effects of the decision to reduce their employees' wage are much larger than what would be explained by a reduction of “real” potential reciprocal utility among existing actors. In general, we can say that there are as many different “unethical” language games as there are combinations of imbalanced reciprocal bargaining powers and mutual conventional expectations in a society. Each of these games of forces develops and disseminates itself as a more or less serious diversion from a scenario of reciprocally maximized attraction, according to the particular configuration of inequalities and economic connections it represents. The structurally possible dissemination of bargaining power reductions and the fact that it is not a zero-sum game can be interpreted as another pretty pragmatic reason to privilege equality and equilibrium of powers in the face of an equivalent in aggregate but unequal level of power-benefits.

8 – A concrete outline of the risk

I have generalized the concept of “conventional judgment” reported by Keynes as any reaction to the inevitable contingency of human economic relations of power-expectations which assumes as criteria of action a contextual preferability which is not the pragmatic focus on maximizing reciprocal power and expectations, maintaining in this way disseminations and gaps of powers. The conventional character of the decisions about credit distribution is structurally possible within the material framework and the specific imbalances of power which constitute the scenario of the category of workers with a different bargaining power to the employers. This is because – given the ab-

sence of institutions which actively put into action the “pragmatic principle” in all instrumental fronts – the arbitrary dissemination of the alteration of reciprocal bargaining power and perception of reciprocal utility ensures the possibility of bringing about an arbitrary level of reciprocal expectation. This can be done by potential creditors and, also, by potential borrowers, who may lack adequate tools and reciprocal information to perceive a loan as convenient. This lack would be the result of the unequal dissemination of bargaining power (including information) between employers and dismissed workers. The latter, as opposed to the formers, do not have confident enough connections with potential customers as to justify an investment to start their own enterprise and would rather tend to accept a lower paid job in other firms – even because the market would appear to be already almost saturated in terms of offered products, given the diminishing of demand (or “available bargaining power” and reciprocal expectation) due to the very firing of such workers.

Leaving economic relations at the mercy of a discrepant distribution of powers coincides - it may be said “by definition” – with leaving the decisions under authorities which are “legitimated or justified thanks to their being suitable to fulfil certain particular, arbitrary needs and desires felt by certain individuals” and not justified by our pragmatic focus. The absolute contingency of the development of power disparities triggered by the exchange economy structure of reciprocal trust seen above, then, exacerbates the recourse to such a conventionality.

Let us describe now the precise dynamics according to which this conventionality-“dialecticity” is likely to work within the hypothesized framework. It shows the possibility of uncertainty of some individuals’ capacity to pay back a loan, that is that cost of credit depends not only on offer-demand mechanisms but also on uncertainty in the discrepancy of power. The necessity of a structure of production ownership which does not separate the role of employee and employer will be concretely evident. In the next chapter, instead, it the “unethical” logic in which credit allocation consists through the decision of a “private entrepreneur” will be concretely evident, and how it would remain unethical *per se* even assuming an absence of power discrepancy between the two groups of producers. In fact, the precise criteria of such an allocation will be able to be described through “language games which are different from maximizing the recognition of reciprocal potential utility and expectations”.

The most likely case in which disparity of instrument possession can intensify social inequality can be considered as beginning with a period of increase in layoffs due to a technological shock. As explained, most technologically competitive firms may be able to persuade some workers to infringe their “fraternity” pact with their fellows and continue working for them – at a relatively higher wage – even if the other workers have been fired, instead of forcing the employers to split the remaining tasks among the same number of trade union workers, with the same wage as before. A reserve army of labour is in this way created. In a similar context, other companies may be able to attract needed manpower at a lower wage, even in the presence of a system of shared technological progress as described above. In the model I have hypothesized, in effect, a laid off worker is in principle capable of starting a new project while having the technological potentialities to compete with the already existing firms. But it is problematic to assume that she also has the effective perception of the convenience of such an option in respect to accepting a low-wage post. It is important to notice, in fact, that the concept of “asymmetry of power” as I have been using it can also take the form of the economic advantage illustrated by the idea of “asymmetric information” between buyer and seller as theorized, for instance, by G. Akerlof. As he introduced this concept, he noticed that

the seller adjusts the price of an item based on her knowledge of the prices of similar items on the market and the condition of the item among other factors. The buyer similarly can have information about the prices of similar items in the market. But what he probably does not have is the same depth of information about the quality of the item as its seller [...]²⁷⁴

Even if the situation I am considering is not even parallel to this one – since it is the “buyer” (of labour) who owns more information - , we can interpret it as a mechanism in which a group of individuals is “more certain” about the social quality and utility of their products and that they can use this higher certainty to gain a contractual advantage. “Asymmetric information” here must not be read as an inequality of information about the same item or phenomenon, but as a gap in the general level of information intended as awareness of one’s economic connections. An unemployed worker is likely to perceive much more uncertainty - also considering the general decrease of aggregate demand typical of such a social situation –in her project to borrow money to set up a new

²⁷⁴ Auronen, 2003. «Asymmetric information: Theory and applications». Paper presented in the seminar of Strategy and International Business at Helsinki University of Technology, May 21.

firm even if in theory it could bring her a higher level of income than a low-paid but certain job.

In conclusion, we have the structural possibility of a lowering of aggregate bargaining power in the class of workers, which deconstructs the hypothesis that a maximization of reciprocal power can be achieved by means of highly organized trade unions. We have also the structural possibility that the cost of credit or funding granted by any private entity may not depend only on supply-demand laws. Or, better to say, the possibility that the terms of credit granting may not be represented by the mutual interaction of only the factors of cost of money and demand for money, without inserting other elements such as uncertainty caused by decrease or oscillation of aggregate demand and incomes.²⁷⁵ Importantly, even if we suppose perfectly risk-taking banks or the existence of interest-free credit granted by a state institution, the illustrated alteration of bargaining power would take place anyway, since it corresponds to a drop of perception of mutual utility by “low” class agents which intrinsically precludes any possibility of decisive action by the instrument of “credit”.

9 – A system of cooperatives as best solution

It is time, now, to elucidate a possible way to escape this impasse. What is implied in this analysis is that the structural possibility of an economic submission of a category of individuals by another one refers to the fact that the possession of certain instruments of production can offer a larger spectrum of modalities and situations for obtaining wealth with respect to other instruments.

The always possible bargaining supremacy of one typology of instruments over the other would reveal therefore the necessity that an equal process of production involves an equal possession of machineries and labour skills – or, at least, an equal right of managing and utilizing the fruits of their functioning by the actors who take part in the process of production.

This would provoke the virtual disappearance of the categories of suppliers and demanders of labour, since it would potentially provide every economic agent with all the means of production in a way which would make the concepts of “labour supplier” and “labour demander” converge. Let us see how.

²⁷⁵ On uncertainty causing demand for money and interest rate to rise see Berson 1983.

In order to make these two roles effectively coincide within a market economy, it is necessary to incentivize or institute by law the cooperative form within the management of the firms. Cooperativism can ensure the convergence of the status of “labour supplier” and “labour demander” within a microeconomic perspective, by making the typical asymmetries produced by the reciprocal power of the two roles disappear. As Richard Wolff points out, the equal ownership of the use-value of the means of production is correlated with a democratic decision on «what to produce, how to produce, where to produce and what to do with the profit».²⁷⁶ The absence of the effects of an imbalanced bargaining power between labour suppliers and demanders can be appreciated, above all, in the opportunity of democratically choosing the criteria according to which the revenue is distributed, which can respond to a specific parameter of “equal contribution”. This can have a positive social impact, in comparison with the classic two-role structure of firms, mostly when it is necessary to decide how to reallocate revenue in the case of profit lowering.²⁷⁷

Moreover, as Booth and Fortis report,

evidence confirms that employee ownership and employee control increase productivity and profitability relative to conventional firms. A University of Michigan study found that thirty employee owned firms showed a higher level of profit than other firms in their respective industries [...]The explanation for higher productivity in employee owned and controlled enterprises is easy to understand. Employees who share in the profits and influence the policies and goals of an enterprise will more readily internalize enterprise objectives as their own, and will consequently put forward a higher degree of work effort than employees in conventional enterprises²⁷⁸

The problem faced by the authors studying this organizational method are, mostly, related to political or logistical feasibility, also because the majority of the cooperatives present today have risen in response to business failures caused by a general economic distress. For example, cases of worker self-management have proliferated in Argentina after the crisis of 2001 and they have found themselves dealing with problems of gen-

²⁷⁶ See Wolff 2012.

²⁷⁷ See Ibid.

²⁷⁸ Booth and Fortis 1984, Pp. 340-341.

eral lack of capital.²⁷⁹ They are, nevertheless, structured in two basic management bodies,

the administrative council and the general assembly of all members. In traditional cooperatives, the administrative council oversees management, while assemblies are organized only for a few particular reasons: annual reports and leadership elections. Everything else is decided by the council, and only one annual assembly is required by the law²⁸⁰

Wolff outlines other typologies of organization which a cooperative firm may wish to adopt:

periodically, in any workers' self-directed enterprise, the collective of workers that produces a surplus gathers to collectively receive that surplus and distribute it [...] To take another example, the board of a workers' self-directed enterprise would likely see the need to secure certain management function. It might, like its capitalist counterparts, hire professional managers. On the other hand, it might prefer instead, for many reasons, to substitute a rotational system whereby all surplus-producing workers are periodically rotated through management positions. The board might see this as an appropriate way to avoid reifying people into fixed positions of manager and managed positions [...]²⁸¹

The best known experiment of cooperative system is, perhaps, the so called "Mondragon network". In it one can notice, as well as the equalitarian distribution of profit, a more effective and equally distributed expectation for the personal profitability of investing one's own energy and resources in the enterprise. Mondragon, in fact,

developed a system of individual internal accounts into which 70% of the profits (a more accurate term is surplus) of the cooperative were placed. Each member had such an internal account. 30% were put into a collective account for operating capital and expansion, with a portion of that being earmarked for the community. The individual internal accounts noted receipt of the portion of the surplus earmarked for it, but this was then automatically loaned back to the cooperative, with interest paid. Upon leaving, members receive 75% of the accumulated funds credited to their internal account, while 25% is retained as the capi-

²⁷⁹ Ruggeri 2013.

²⁸⁰ Ibid, P. 255.

²⁸¹ Wolff 2012, Pp. 184-186.

talization which made the job possible. This system essentially allows the cooperative to capitalize close to 100% of its yearly profit and gives it a capacity for internal capital accumulation unequalled by any capitalist enterprise. It also establishes an ongoing flow-through relation between the individual and collective portions of the surplus²⁸²

Despite its uncertain practical feasibility – due to cultural or political reasons and to possible logistic obstacles in the implementation of the democratic power of a great number of cooperative members – the cooperative system is a necessary device to maintain the focus on an allocation of instruments possession which results in an equal and optimized provision of bargaining power.

²⁸² Benello 1996, P. 212.

V

Mitigating imbalances at a macroeconomic level: a reformation of the concept of credit

In this last chapter of my work I resume the focal discussion about the conception of credit which would fit the pragmatic aim of maximizing-equalizing reciprocal bargaining power. I do that by means of a reflection about a possible pragmatist interpretation of the Hegelian mechanism of mutual recognition, in which I perfect the overall analysis made so far about reciprocal “attraction” and expectations. I illustrate Hegel’s teleological conception of mutual acknowledgement – whereby it corresponds to the highest possible mutual recognition and fulfilment of desires and, therefore, of individuals’ opportunities and benefits – since it shares with Rorty and Derrida the same ethical preoccupation of doing justice to each individual’s features, by making them flourish and succeed within social life. It also shares the same aporias, but the conceptual tools of optimizations of mutual recognition and expectation provide us with the language to overcome them at a macroeconomic level through an adequate form of the instrument of credit – about which I propose a concrete case study. The scope of the chapter is to explain in detail why a private kind of fund lender and, in general, the currently accepted typologies, are not suitable to optimize reciprocal expectation (or “confidence link”) within an exchange economy. Since it will be an all-encompassing discussion, I will recall reasons – such as the “individualistic” logic in assessing risk and uncertainty – which would actually be dispelled within the economic system I have fostered so far. There will also be a recall, however, to banking system behaviours – such as quantitative evaluation of potential borrowers or financial speculation - which would be able to prejudice even an ideal system made of worker-owned firms with shared skill and technical-organizational advances. Finally, it will be clear how this “sharing” of advances should also – or, maybe, mostly - be the outcome of this very ethically sustainable form of credit. In this way, the proposed system of credit granting will complete the general picture of the economic system I would support in order to approach as much as possible the ethical aim of doing “justice to the Other”, which is the underlying problem of the entire itinerary of this dissertation.

1 - Hegel and full reciprocal recognition interpreted as a pragmatic necessity

Taking inspiration from Hegel's dialectic one can offer a view of how ethical development can be considered as coincident with the ontological task of the recognition of the other self-consciousnesses. Such recognition has to be understood as the acknowledgement and acceptance of the other's desires, due to the fact that they are seen as having an active role in the self-recognition and fulfilment of one's own desires. The final goal of this dynamic would be the creation of institutions based on solid reciprocity whose effect is the progress of universal benefit and completion.²⁸³

Hegel, in fact, reminds us that an individual's awareness of her own necessities and desires – or, in other words, of her own human “nature, “being” – can only achieve its fullest realization after clashing with the self-consciousness of other individuals. For Hegel, notoriously, authentic human self-consciousness cannot develop within the dominion of the mere sensuality and perception of pure objectivity. In the immediate realm of inert objects, in fact, consciousness can spot a contradiction, it can perceive the desire to overcome it and it can satisfy this desire by negating the contradiction – by understanding that it was only due to the consciousness' manner of relating with the objects - , so that it is ready to begin the process again.²⁸⁴ But without clashing with another self-consciousness, it cannot achieve the awareness of its own desiring as a human desiring. A self-consciousness needs to meet another self-consciousness which recognizes it as desiring, so that its desiring is reflected, as in a mirror, in the actions and reactions of this other self-consciousness. For Hegel, «self-consciousness must be desire; but we achieve a fully objective sense of ourselves only by relating to something irreducibly independent in which we find our own identity reflected. Such a thing can only

²⁸³ «The word ethical does not stand here for a pre-established moral doctrine, nor for a categorical imperative meant to guide consciousness throughout its formative path. In the Phenomenology, the priority of the ethical is the absolute priority of practical agency over its grounding reasons, as well as the intersubjective foundation underlying each and every mode of recognition – be it epistemological or ‘ethical’, in the stricter sense of the word. The priority of the ethical amounts to a Faustian call to action, but in a very particular way. The incomplete self recognizes in another incomplete self the possibility of completion. However, this completion process, which anticipates Hegel's realm of Spirit, does not correspond to the restoring of an initial, undivided self. On the contrary, the Phenomenology aims to show that the vocation of human identity is not tautological, but systematic – and moreover, that it depends upon a system that opposes not only two individuals but the whole world, via a global web of recognitions and counter-recognitions. The fate of Spirit and the fate of History itself can only be attained through the discovery of a universally systematic identity, in which everything is dependent upon everything else – a mode of identity to which the I is, at last, a We, and vice-versa. According to Hegel, this absolute reciprocity is the only possible alternative to the decayed consciousness model, whose aporetic nature the Platonic tradition forcefully highlighted» (Dias 2013, P. 18).

²⁸⁴ McTaggart and McTaggart, 2000 [1922]. Pp. 13-14, P.113.

be another self-consciousness that recognizes us. Logically, therefore, concrete self-consciousness must be social and intersubjective».²⁸⁵

Let us paraphrase this idea in order to point out the character of necessity it implies for the task of human “realization” as an ethical and pragmatic task. To talk about a dialectical advance for a consciousness means, for Hegel, to describe a process of overcoming the perceived contradictions in order to reach a stage in which “being” and “thought” coincide and in which an achievement reflects what is felt as spontaneous, “natural” for a consciousness to be.

To assert that the completion of human self-consciousness can only be reached by means of a social recognition of one’s desiring corresponds to a description of the process just quoted in its taking place within the contexts of “human society”. This means that in order to make one’s awareness coincide with – or at least approach - what it is felt as spontaneous, “natural” to be, an agreement between two or more self-consciousnesses about what is reciprocally maximally satisfying and natural within the constraints of intersubjective life is necessary. In the moment in which two self-consciousnesses “recognize” each other’s desires they do not do anything but construct an agreement on how to mutually act and react in order to overcome the lacks and contradictions - felt by at least one of them - which can undermine the overall relationship by provoking instability.

In this interpretation of Hegel’s conception of rationality, as well as the requirement of the relationship with another self-consciousness – or with a similar, “human” consciousness - , one needs a “full” reciprocity in such a relationship, whose overall task is the goal of reciprocal maximized satisfaction – or “utility” – in a human agreement.

In order to explain the character of necessity of these elements for human realization it would be useful to unveil the pragmatic essence of this overall process. First of all, the necessity of a relationship with another self-consciousness can be interpreted as the fact that the realization of an identity cannot be pragmatically maximized – and, therefore, complete – if it does not encounter the only entities capable of concentrating their force, instruments and energy to the specific goal of shaping or fulfilling the other’s desires in order to create a preferable kind of relationship. The will to “create a preferable kind of relationship” is here seen as an impulse toward reciprocal attraction - explained by the recognition of reciprocal utility. Reciprocal utility, reciprocal recognition or attraction

²⁸⁵ Houlgate 2013, P. 11.

are, in effects, three names denoting the same dynamics as the one described in the *Phenomenology* as the ambiguous interdependence of a self-consciousness and its Other: «each sees the other do the same as it does; each does itself what it demands of the other, and therefore also does what it does only in so far as the other does the same. Action by one side only would be useless because what is to happen can only be brought about by both». ²⁸⁶ Due to its very need to be actively and socially recognized by the actions of the other, a self-consciousness is “attracted” to this latter and tries to assume the identity which, according to its own interpretation of social demand, it believes the other itself manifests as socially useful or necessary («each does itself what it demands of the other»), in order to get this other involved and to compel it to recognition. The former self-consciousness, in this way, tries to gain a certain “bargaining power” in respect of the other by recognizing features and necessities of this latter.

To put it in still another way, any human agreement can be interpreted as a recognition of reciprocal instrumental utility – considered in its broad sense – and a consequent attempt to obtain what is desired while giving in exchange something which is desired by the partner in order to build up the relationship. Recognition of reciprocal utility can manifest itself, within civil society, in the establishment of market: «In this dependence and reciprocity of work and the satisfaction of needs, subjective selfishness turns into a contribution towards the satisfaction of the needs of everyone else. By a dialectical movement, the particular is mediated by the universal so that each individual, in earning, producing, and enjoying on his own account, thereby earns and produces for the enjoyment of others». ²⁸⁷ Such an attempt to achieve what is desirable can also be intended as a compromise between the naturalness of different individuals. The weaker one can aim at what is her present available desirable alternative in the case of accepting the lesser evil by subordinating herself to a stronger and violent authority, as the slave who consents to be dominated by the master out of fear of death.

To summarize, the potentially pragmatically “superior” performance of the relationship with another self-consciousness rather than with only the realm of inert objects is due to the active reciprocal utility and attraction which only among desiring entities – and not between merely “self-aware” ones and objects – can occur: «The desire to be certain of ourselves in our very relation to others is fulfilled not by consuming things, but by interacting with another self-consciousness – one that is not only capable of abstract self-

²⁸⁶ Hegel 1987 [1807], §182.

²⁸⁷ Hegel 1991 [1820], § 199.

awareness, but also takes the form of desire and relates to a self-consciousness other than itself». ²⁸⁸

The next element I listed, the necessity of an authentically and fully reciprocal recognition for the realization of one's self-consciousness can also be explained by referring to its pragmatic significance. If a subject is not "free" to have the instruments to bargain in exchange for its full desires it will not be able to express an identity which requires maximized pragmatic fulfilment by the other. For example, if a former slave is free to claim equal social right to possess a piece of land and equipment to work on her own, the fact that she can produce something to sell will require, by the former master, a pragmatically improved identity in order to maintain the wanted bargaining power. The former master, for instance, will need to set up a technological improvement to make her product more convenient or alluring. This new kind of entrepreneur would be the "still more useful" identity reflected by the environment created by the former slave as socially necessary to be fully recognized. This would be the new identity which the former master will spontaneously assume in order to have her will and desires recognized. Such a mechanism of circular improvement of reciprocal pragmatic bargaining power may be potentially spread to the whole society: the more reciprocal bargaining power and attractiveness increase as symptoms of the necessity of recognition, the more reciprocal shaping and fulfilment of desires can improve in a pragmatic sense. It is this very reciprocal shaping of desires which makes the entire such process to be ultimately focused on the recognition of the highest potential demands of each individual's will and "naturalness". In this way one can recognize in the other's demand and offering the highest possible recognition-realization of oneself: «I can succeed in being taken to be an agent [...] only if I recognize the other as such, respond to the other on the basis of such equal claims to entitlements – otherwise I cannot recognize his recognition of me [...]». ²⁸⁹ All this coincides, also, with the third element I have listed above, the goal of reciprocal maximized satisfaction – or "utility" – in a human agreement. To recognize and fulfil "the highest potential demand of each individual's will" within intersubjective life means to make a human environment «become the rational system of the will's determination». ²⁹⁰ A determination which is, after all, what Hegel puts at the root of any

²⁸⁸ Houlgate 2013, P. 15.

²⁸⁹ Pippin 2000, P. 164.

²⁹⁰ Ibid., P. 160.

right²⁹¹ – and of what we can call “ethics”, if this latter has to coincide with doing justice to the other’s will.

2 - Dialectical aporias and maximization of reciprocal utility

So far the dynamic of reciprocal recognition has been described in its theoretical possibilities. By exploring its practical performance, nevertheless, one can discover how such a reciprocity – and, consequently, the achievement of a maximization of reciprocal utility – turns out to be aporetic. This is because, as has already been suggested, a human being acknowledges another individual’s desires only to the extent that she perceives a certain agreement with this latter as being convenient. Thus, for instance, if a wealthy lender estimates as too risky for her own reserves the granting of a loan to a small entrepreneur she will not do that or she will require a very high rate of interest. Or, also, imperfect information may lead to an investor overvaluing an enterprise, taking part in the formation of the blindness and haphazardness of boom-and-bust market cycles, which even Hegel himself describes in his lectures in 1823²⁹² while questioning the ethical completeness of free trade policies in civil society.

This observation opens the paths to the numerous criticisms which have been made to Hegelian dialectic, such as Adorno’s typical claim that Hegelian dialectical agreement among self-consciousnesses is not accomplished in a positive fashion but in a negative one, as a coercion, since each individual’s desire and willingness would be only a by-product of her role in a certain arbitrary hierarchy.²⁹³ In *Philosophy of Right*, for instance, Hegel presents the institution of the Corporation as a dialectical advance in respect to the unrestricted free market economy typical of civil society.²⁹⁴ One of the functions of the Corporation would be to create something which we can define as a “communitarian ethics”, a responsible choice by its members about what is socially more useful to produce and, also, to consume. This would serve to mitigate the effects of chronic poverty which Hegel acknowledges as endemic of free market and which he attributes to the producers’ difficulty to adapt themselves to the contingent preferences of the consumers. But the perpetration of the coercion here lies in the fact that the gen-

²⁹¹ See for instance, Hegel 1991 [1820], §134-135.

²⁹² See Anderson 2001.

²⁹³ Adorno 1966.

²⁹⁴ Hegel 1991 [1820], §250-255.

eral typology of organization of production is not put into question in the perceived contradictions. Consciousnesses are so addicted to a specific contingent social structure that issues which would be central to understanding unfair wealth discrepancy – such as somebody’s excessive advantage in market competition or different bargaining power between workers and business men – are not even perceived as contradictory. Individuals’ aspirations and desires derived from this imbalanced social structure are read as “spontaneous”.

The realization of Hegel’s social purpose can be compromised and become aporetic because of the presence of particular institutions such as the ones just hinted at. These, either for the maintenance of asymmetric bargaining power among individuals or for a lack of adequate awareness and information about the pragmatic features of society, perpetrate a partial or myopic logic, impeding a fully reciprocal and satisfying construction, recognition and fulfilment of desires.

A difference has to be established here, therefore, between a kind of rationality which aims at the *telos* of maximizing reciprocal recognition and fulfilment of desires and other kinds of rationality. Such a difference has to consist in the pragmatic criteria which a form of rationality uses in order to allocate and create the material and intellectual instruments which shape and fulfil reciprocal desires. On the one hand, in fact, there can be a kind of rationality whose purpose is to recognize each individual’s potential desire in order to provide them with the adequate instruments in order to equalize and maximize reciprocal “attraction” or “utility” within every human relationship. On the other hand, there can be a kind of rationality which utilizes currently perceived necessities or current motives for reaching an agreement. Perceived necessities due to current allocation of instruments and bargaining power or due to a lack of adequate instruments to recognize and fulfil the other’s potential demands – in order to perform a “reciprocally convenient” or suitable agreement. For example, as in the case of the wealthy lender, of the Corporation or of the investor who lack adequate information about a community’s potential desires.

All these examples show how the second type of rationality – the “dialectical” rationality – is always in danger of considering two or more fulfilments of desires as pragmatically equivalent and, therefore, suitable to be “exchanged”, mutually achieved within an agreement even if these desires are the fruits of imbalanced possessions of instruments. This kind of rationality is also always in danger of considering such an agreement as the

best possible social choice even if the perceived best suitability of the agreement is fruit of a lack of adequate means to evaluate each agent's potential desires in details.

All these forms of rationality have to be considered "arbitrary" in comparison with the goal of maximization of reciprocal utility, in the sense that their functioning is based on language games which are at odds with the language game consisting in "recognizing potential desires and enhancing potential highest reciprocal utility". This last concept will be soon clarified as it will be illustrated how the current structure of financial credit corresponds to similar arbitrary language games.

3 - A normative statement on the function of credit

Within an exchange economy, the process of credit granting is the social institution which more than any other can put into action the reciprocal recognition and fulfilment of desires within a community which Hegel's dialectical ethics implies.

To summarize what I outlined earlier, we can synthesize the principle which founds an economy based on exchange in the factor of reciprocal bargaining power. Any individual, in order to maximize the fulfilment of her desires, needs to assume a certain identity, role to maximize her "attractiveness" and the utility which her product has for the other members of the circuit, so as to bargain the maximum in exchange. She needs to maximize, in other words, her active recognition of the others' desires and their recognition of her own desires.

Within such an ideal scenario, the dialectic of reciprocal recognition illustrated by Hegel is definitely represented: the bargaining performed by these actors is the economic translation of what I called earlier "an agreement between two self-consciousnesses about what is reciprocally satisfying and natural within the constraints of intersubjective life".

In this framework, credit can be defined as a form of anticipated agreement which a community achieves with a producer's self-consciousness, an anticipation of the reward the producer should obtain with her product, whose possibility is necessary because it is structurally possible that a temporal discrepancy exists between the recognition of a future agreement on reciprocal exchanges and the producer's possession of the material

resources useful to support herself and to realize the product to exchange.²⁹⁵ And, since the “purpose of a community” – according to what has been argued earlier - imposes a maximization of reciprocal utility, the potential production endorsed by credit should bring about the highest possible satisfaction which can be reached in the potential demanders. This concept also includes, for instance, the evaluation of the externalities which can be caused by financing a certain firm. These can correspond, among the positive ones, to the spread of technological progress due to innovations which an enterprise utilizes. Among the negative ones, to funding companies which would produce a too imbalanced competition and a non-harmonious technological development and growth of aggregate power – which, as we have seen in the example of the master and the slave, needs to imply a certain “equality of potentialities” in order not to preclude the virtuous cycle consisting in the piecemeal improvement of reciprocal attractiveness as result of the attempt to increase personal bargaining power by any individual.

Conceived in this way, the ethical function of credit granting should be to recognize the highest productive potentiality of any individual, to put it in relation with the potential necessities and desires of a community and to provide the adequate economic tools so that every economic agent is able to implement the corresponding production and transactions. In other words, credit should put the material and relational conditions for a maximized and equal reciprocal economic usefulness.

All this has been already synthesized by saying that credit should be a form of investment by a community in its own future. The only language game it should reflect is to provide each economic agent with adequate instruments in order to equalize and maximize their reciprocal utility and bargaining power, in this case considered within the scenario of an exchange economy. Consequently, as claimed earlier, “any political action concerning credit which we would be able to be described as a formal language game which is different from that, would necessarily represent an alienation from the proper ethical purpose of a community. It would represent, in fact, a relation of forces which develops according to laws which are different from the ones which guarantee that all instruments necessary for all individuals’ equal maximization of mutual utility-satisfaction are rightly allocated”.

²⁹⁵ Issuing of credit can be here interpreted in a similar way as the motive for the introduction of a legal tender which acts, in its conferment as a work reward, as the institution of a steady and long-term assurance that a producer’s contribution will be recognized within a certain perimeter (See, for instance, Galloni 2013). In the case of credit, the community assures itself that it will be rewarded for the products offered to the borrower by imposing that this latter pay back its debt in a certain legal tender. The necessity of “triangular transactions” – involving the action of an institution of credit - in the creation of money for a similar purpose is well underlined by Graziani (1990).

Accepting such a definition as the one whereby credit pursues the task of absolute reciprocity implied in Hegel's dialectic, I will now outline a model of credit – the currently accepted one – which does not fulfil it. Secondly, I will combine some theoretical insights by Stiglitz with a concrete Italian experiment of complementary currency to show a model of credit which does fulfil the given definition.

4 - The language games driving the logic of the current financial system

There are at least three sets of reasons why the current system of credit granting does not coincide with the language game here illustrated.

1 - The first one has to do with the monetary structure of the banking system. Although commercial banks can grant loans by electronically crediting the bank account of their customers with a certain deposit without practical limits, they do need central bank money in order to settle every transfer a customer requires them to carry out.²⁹⁶ In fact

Banks first decide how much to lend depending on the profitable lending opportunities available to them — which will, crucially, depend on the interest rate set by the [central bank]. It is these lending decisions that determine how many bank deposits are created by the banking system. The amount of bank deposits in turn influences how much central bank money banks want to hold in reserve (to meet withdrawals by the public, make payments to other banks, or meet regulatory liquidity requirements), which is then, in normal times, supplied on demand by the [central bank]²⁹⁷

Central bank money has a cost and this gives rise to several issues. Firstly, at a certain juncture, a bank may transfer to other banks a quantity of central bank money larger than the quantity it obtains from the rest of the banking circuit or by issuing shares.²⁹⁸ Such a bank is therefore forced to borrow a further amount to make new loans, altering either the economic return on new lending or the interest rates it charges – which would reduce people's desire to borrow. In fact «whether through deposits or other liabilities,

²⁹⁶ McLeay et al., 2014. On the 'endogenous' nature of money creation in practice see, also, Moore (1988), Howells (1995) and Palley (1996) and Tobin (1963). On the general topic of the difficulty for banks to raise funds see also Stein (1998).

²⁹⁷ Ibid, P. 2.

²⁹⁸ Ibid.

the bank would need to make sure it was attracting and retaining some kind of funds in order to keep expanding lending. And the cost of that needs to be measured against the interest the bank expects to earn on the loans it is making, which in turn depends on the level of Bank Rate [set by the central bank]». ²⁹⁹ Moreover, because of non-performing loans or financial gambling losses, a commercial bank may lose central bank money, causing the same problems in the return on new lending as just described, also because it needs to retain liquidity to make up for losses and fulfil due payments soon to avoid additional interest charges.

Because of such a private risk commercial banks may become structurally risk-averse, meaning that in order to safeguard their private business they may tend to avoid financing small entrepreneurs and innovations which are quite difficult to assess, despite the fact that they may give a great contribution to the technological and social advancement of a community. ³⁰⁰ This is also favoured by the fact that banks often prefer to avoid lending rather than increase interest rates. In fact, as Stiglitz and Greenwald have shown, «raising the rate of interest may not increase the expected return to a loan; at higher interest rates one obtains a lower quality set of applicants (the adverse selection effect) and each applicant undertakes greater risks (the moral hazard, or adverse incentive, effect)». ³⁰¹ Stiglitz and Weiss also explain that such a risk aversion can take place even within a context of general financial equilibrium:

in equilibrium a loan market may be characterized by credit rationing. Banks making loans are concerned about the interest rate they receive on the loan, and the riskiness of the loan. However, the interest rate a bank charges may itself affect the riskiness of the pool of loans by either: 1) sorting potential borrowers (the adverse selection effect); or 2) affecting the actions of borrowers (the incentive effect) [...] It is difficult to identify “good borrowers”, and to do so requires the bank to use a variety of screening devices. The interest rate which an individual is willing to pay may act as one such screening device: those who are willing to pay high interest rates may, on average, be worse risks; they are willing to borrow at high interest rates because they perceive their probability of repaying the loan to be low [...] ³⁰²

²⁹⁹ Ibid, P. 5

³⁰⁰ Stiglitz and Greenwald 2003; see also James and Brophy 1977.

³⁰¹ Ibid, P. 27.

³⁰² Stiglitz and Weiss 1981, Pp. 393-394.

Due to this overall structure at least three language games different from the one I enunciated above are played and possibly mixed and overlapped. In the first place credit granting, as the latest paragraph implies, can be the result of the assessments of distinctly private, individual risk or return, which represent a different pragmatic scenario in respect to the collective risk-benefit ratio which should be taken as parameter for an “investment which the entire society makes in order to maximize each individual’s instrumental potentiality and utility”. An individual lender who assesses her personal risk, in fact, can be indifferent about the possible technical and occupational advance which an investment on a start-up may bring to the entire society and very concerned about a possible personal loss of, say, sixty-thousands euros. A hypothetical publicly run institution - financed with tax revenue or fiat money in order to address productive investments - , for instance, can instead decide, having also the support of public opinion, that a possible “waste” of that sum is indifferent or negligible in comparison with the possible advantage of a successful investment – even considering that, rather than a waste, that would be an allocation of purchasing power toward non-productive individuals who, by spending that money, would not spoil society’s mood of confidence and good expectations so much.

In the structure of credit granting outlined above, in the second place, availability of credit can be the corollary of the effects of a bank’s private losses – which can be traced back to results of either financial “gambling” or mere bad decisions³⁰³ - which diminish the contextual availability of what can be considered credit “raw material” (central bank money). In fact, credit availability – and the assessment of private risk stated above - can be also read as dependent on each bank specific flow and supply of a socially invented credit raw material which varies according to previous bad or good decisions by the bank – as well as according to specific central monetary policies whose correspondence to the “ethical language game” which has to determine credit availability should be examined. The logic inherent to this material condition exacerbates the distance of

³⁰³ Notice that the existence of a specific kind of financial investments which acquires the form of “gambling” can be objectionable. Any kind of investment, it may be objected, is in some way risk facing and, therefore, any investment is in this sense a bet. The difference would exist in the degree of risk but not in the structure of the language game. Nevertheless, a structural difference in the rules governing the languages games to which different kinds of investment respond corresponds to what is remarked within the second and third point. On one side there can be an investment determined only by criteria of contextual and direct verification of potentialities, on the other side there can be a “bet” in part, prevalently or even purely based on an “animal spirit” which does not derive from a verification of the contextual potentialities of an economic initiative. It can in fact derive from the transformation of prices, values and expectations related to financial instruments, which are mostly determined by the previous decisions made by traders of the same instruments.

the rationality currently driving the assignment of credit from the language game whose scope should be only to maximize and equalize reciprocal bargaining power.

Since such a contextual availability of central bank money coincides, mostly, with the availability of liquidity in depositors, shareholders, financial investors', a third aspect can be identified as diverting the monetary structure of the banking system from achieving the ethical role here appointed. Its functioning can be in fact considered as depending on the contextual availability of money as "reserve of value" indicating the success of previous transactions or loans. More precisely, level of credit granting and assessment of private advantage by credit institutions can result from the capacity of paying back by preceding borrowers and by the evaluation of the income situation of the community where a potential new borrower lives, in order to calculate the level of effective capacity to demand by her potential customers. It is clear that a similar established framework reduces a credit institution from being an instrument aimed at creating reciprocal attraction and bargaining power – which is implicit in the task of "maximizing" it – to being a mere function of the currently expected or potential level of reciprocity. But an ethically optimized mechanism for the conferment of credit should "put the material and relational conditions for building a maximized and equal reciprocal economic usefulness first". Assuming, for instance, an extreme case of recession where all actors have little or zero income. The "rational" behaviour of such a mechanism should be to encourage those who have immediately ready productive potentialities to put more products into the market by providing adequate credit to their potential customers. These latter, obviously, need to be initially selected among the economic agents whose products have also immediate or short-medium time of production and immediate demand. This is in order to create reciprocal trust, to allow them to pay back their loans relatively soon without acting as "parasites" in their bargaining and purchasing power and so as not to cause exaggerated inflation. As soon as the productive network and the reciprocal confidence become large and strong enough, credit can be extended to entrepreneurs or professionals who have a longer time of research and investment or whose product demand is less basic and immediate – all this being according to the "principle" whereby bargaining power needs to develop in a harmonic, "fully reciprocal" manner. In order to implement similar measures a system of credit has to utilize a holistic logic according to which the contemporary concession of different loans and the parallel confidence in increase of economic demand can be calculated as likely to form a social result which will be greater than the sum of its single "components". This is different

from the abstract and individualistic logic necessarily used by a private bank, in which diffidence about the possibility that other lender institutes put into action lending decisions which increase aggregate demand needs to prevail – creating a self-fulfilling uncertainty. Also, a similar holistic rationality needs a credit system which does not excessively care about the risk that a certain loan may be paid back very late – or, in the extreme case, never. Credit institutions currently managing credit supply, as we have seen, need to safeguard their economic advantage and tend to be risk-averse.

Private risk assessment, concern due to the scarcity and the cost of raw material and dependence on contextual availability of income are logics which build language games which are very different from the one credit granting should respect.

2- A second set of reasons whereby commercial banks are not suitable to maximize reciprocal utility concerns the very criteria they use to assess potential borrowers. Often credit institutions are not well integrated within a local community and use criteria prevalently based on quantitative data such as the financial situation of a company, its credit scores and payment history. These may offer insufficient data about the potential social utility of a borrower³⁰⁴ or it may advantage already competitive firms. To this extent, so called “relationship lending” may utilize more suitable language games in its criteria for credit granting. This kind of institutions use

relationship information, which is often “soft” data, such as the information about character and reliability of the firm’s owner, and which may be difficult to quantify, verify, and communicate through the normal transmission channels of a banking organization[...]. Relationship lending is associated with a fundamentally different lending process than transactions-based lending technologies, such as financial statement lending, asset-based lending, or credit scoring³⁰⁵

However, «the analysis suggests that under relationship lending, the accumulation over time of “soft” information by the loan officer creates agency problems throughout the banking organization that may best be resolved by structuring the bank as a small, closely-held organization with few managerial layers». ³⁰⁶

³⁰⁴ Bolton et al. 2013 ; Studies on the difficulties of emerging firms in their access to credit due to the criteria of bank lending and their informational structure can be found in Irwin and Scott (2010), Beck et al., (2007), Duan et al., (2009), European Central Bank (2014), Berger and Udell (2002).

³⁰⁵ Berger and Udell 2002, P. 4.

³⁰⁶ Ibid, P. 5.

The nature of data which an institution chooses or is able to follow in order to assess a borrower also contributes to the distortion of the language game which should correspond to the financing of an activity.

3- The third factor we need to list has to do with financial instruments, which allow economic actors, for instance, to buy and sell the status of a “credit seller” – through bond markets – and even to bet on the value of an exchange and on the profitability of a credit – through future markets. It is inherent to this kind of trade that expectations moving these operations are also determined by past or contemporary decisions of actors performing the same typology of operations. It creates a self-referential dynamic which decontextualizes the formation of these expectations in respect to the direct and continuous evaluation of the economic potentialities of the realities to which a financial instrument refers.³⁰⁷ As Scott-Quinn points out,

bubbles should not occur if capital markets function in the way textbooks describe, since prices of financial assets should always reflect ‘true’ risk and rational expectations. When a bubble is developing, what is happening is that prices in the secondary market, where repricing happens continuously (since most secondary markets are continuous), move away from the price that reflects true cash flows and risk³⁰⁸

In a more peremptory way, it is useful to recall the fact that financial market spontaneous logic does not favour “long term projects” but, rather, the formation of speculative schemes. Bagnai remarks how «in chapter XII of his *General Theory*, Keynes makes a very simple claim: markets are not interested in “making the best long term forecast for an investment probable return” so to direct capitals to investments which are on average the most productive and which most generate growth and employment [...] To behave in such a way would not be rational for them». ³⁰⁹ Using the words of Keynes:

It would be foolish, in forming our expectations, to attach great weight to matters which are very uncertain. It is reasonable, therefore, to be guided to a considerable degree by the facts about which we feel somewhat confident [such as finan-

³⁰⁷ Tymoigne and Wray 2008; Scott-Quinn 2012, P. 249; Keynes 1936, Pp. 74-83.

³⁰⁸ Scott-Quinn 2012, P. 249.

³⁰⁹ Bagnai 2012, P. 7.

cial assets price change], even though they may be less decisively relevant to the issue than other facts about which our knowledge is vague and scanty³¹⁰

The scenario just described coincides with a language game totally different from “an investment which a community makes in order to maximize and equalize all individuals’ instrumental potentiality and reciprocal utility”. In fact, factors which are different from an evaluation about whether an investment is suitable to approach that goal influence price, risk and decision of credit granting.

Now I would like to indicate a proposal to realize the idea of credit granting as an investment by the entire society in its long-term future in order to create economic actors who are equally maximized in their potentiality.

5 - An ethically sustainable form of credit

A first description of this proposal has to do with what would follow from considering Joseph Stiglitz’s theoretical support of the idea of a “learning society”.³¹¹ After noticing the huge contribution which technological and skill advancement has brought in the improvement of living standards in comparison to other factors, Stiglitz’s concern about how a simple free market in which investment and funding depend on private evaluation of risk and convenience is not suitable to maximize social “learning” has been underlined.

For instance, an entrepreneur may find it too risky or unprofitable to borrow and invest in an innovative project, since the expected return would be too low to justify the risk or the interests required to pay. This is also due to the technological spillover, which ensures that the advantage of the innovation will be spread among the community. For the same reason a lender may not favour an unpredictable and under-collateralized innovation project.

These fallacies stem again from a concept of credit which works through a language game which pertains a “commodity” logic: its distribution and its demand are both in function of the expected profit of a private individual. But if “credit” is interpreted as an act by means of which a community – in its entirety – invests in its own progress, this appears as an incomplete and narrow logic, resulting instead in it being convenient in

³¹⁰ Keynes 1936, P. 75.

³¹¹ Stiglitz and Greenwald 2012.

the eyes of a government or whatever central “authority” to influence the spread of knowledge.

As Greenwald and Stiglitz claim,

in light of the pervasive market failures associated with innovation and learning, the commonly heard objection to industrial policies - the mantra that government should not be involved in “picking winners” - is beside the point: the objective of the government is to identify, and “correct” externalities and other market failures. While it is now widely accepted that there can be large negative externalities (e.g. from pollution, or from excessive risk taking in the financial sector), we are concerned here with an equally important set of positive externalities³¹²

What would consist in a suitable methods to implement Stiglitz’s recommendation for economic policies and structures which enhance both learning and learning spillovers³¹³ is to appoint credit allocation to a public group of consultants which would supply fiat money free of interest and maturity date. The process of credit granting would be split in sufficiently local commissions so as to use personal, contextual and qualitative criteria of evaluation to reduce uncertainty. Risk of failure would be minimized and, in any case, would be effectively “spread” over the entire society – not on one or a few lenders - resulting in being almost negligible. The only side effect in case of a bad evaluation in granting credit would be a slight increase in circulating money without increase of circulating goods, which would trigger slight inflationary pressures or growth of aggregate demand, which are not necessarily detrimental phenomena.³¹⁴

Moreover, as opposed to what a private lender would do in order to preserve her profit, this public commission would be able to favour entrepreneurs to engage in an innovative investment which brings a lot of technological learning spillover. It can use subsidies in a form of partial waivers of money to be paid back or, in the extreme cases, it can force this kind of investment through strict selection. What I have just outlined is

³¹² Ibid, P. 7.

³¹³ Ibid.

³¹⁴ It may be objected that a similar framework would easily give rise to a multitude of events of corruption and clientelism, which would frustrate the impartiality of credit granting and the implementation of the language game recommended in this text. Notice, though, that while in the institutional picture here proposed it would be possible to create organisms able to impose the usage of the desired criteria as much as possible – by means of, for instance, public committees checking the transparency of the consultants’ decisions, or applying a right of recall or, even, taking democratically part in their “election” - , the language games coinciding with the current system of credit granting maintain, in their essential structure, characters which will always make them inadequate to approach those kinds of criteria. About the advantages of an explicitly public policy which utilizes the suggestions of top-level specialists in order to invest on industrial growth, see Mazzucato (2013). Instead, in order to examine the concept of pre-distribution, implicitly at work throughout this text, see the paper by Hacker (2011).

not an original or theoretical idea: it is being currently experimented in an Italian community of entrepreneurs based on a complementary currency. This economic circuit is called *Affari Senza Soldi*, and was set up in Tuscany in 2013 and counts more than 300 firms in that region today.

In *Affari Senza Soldi* transactions among firms and workers registered in the circuit are settled by means of the conferment or the detraction of virtual money on and from their specific current account, according to the price determined within the market of the circuit. A small percentage of payment is settled in Euros, to cover the expenses for taxes and for goods not purchasable from the circuit, such as petrol. In order to be consistent with the Italian law, virtual money is formally registered as accounts receivable on the economic agents' balance sheets, while transfers use the administrative tool of the endorsement of a promissory note.³¹⁵

Credit granted by *Affari Senza Soldi* consists of virtual fiat liquidity directly granted by the association – juridically it is considered a case of deferred payment granted by the “company” which the association legally is. Once granted, it can only be paid back, obviously, by earning the circuit virtual money. Each time a firm or an entrepreneur wants to join the circuit or to require a certain amount of credit to set up an innovative project, a committee arranges a rigorous evaluation. In it, the committee takes into account, above all, the potential demand which the products will be able to match within the local circuit and the necessity or the redundancy of the typology of project in respect to the activities already present within the community. The committee also assesses the technical validity of the project itself and its feasibility.

The methodology usually utilized to carry out this typology of assessments is an empirical investigation combined with the creation of sociograms. The empirical investigation consists in a personal and informal conversation with each single worker or entrepreneur who corresponds to one “neural connection” of the neural web of a local area. The result is a diagram listing the percentage of the several entries which constitute the overall cost and price of a product or service (labour, energy, raw material, etc.), together with a list of the different kinds of actual and potential customers available within the context. This is integrated with some additional information such as recipro-

³¹⁵ Assignment or deduction of money to or from current accounts is performed by means of a software accessible from the website. Every account holder owns a credit card code – which is also in hard-copy format. The seller of the goods or service receives the credit card code of the buyer, she inserts the code of this latter in her own current account and credits the amount. Afterwards, a notification service sends a check email to both of them.

cal evaluations and opinions by the members of the social fabric, reciprocal personal congeniality or aversion, level of actual material connections on a territory (roads, means of transportations, morphology of the area).

The final goal of this dissertation, in the first stages of the introduction of the complementary currency in a certain region, is to draw up a model through which to figure out a framework of connections which would be sufficiently autonomous as to be considered a roughly “closed” circuit – for instance, constituted by producers of different kinds of food, manufacturing and other basic goods. This means that the members of such a circuit would be able to sell their product within the circuit and to satisfy their primary needs by using all the ‘virtual’ money they earn from their sales. In this way, the consultants working for *Affari Senza Soldi* are able to incentivize production, making each entrepreneur aware that she will certainly receive liquidity for her work; liquidity which will be recovered by her customer by working within the circuit. From this perspective, the character of trust-creation which complementary currency is about is evident, serving as a tool to overcome the problems caused by credit crunch. Trust is also created by the mechanism of import-substitution which will follow the fact that products demanded through money granted by *Affari Senza Soldi* will grow in comparison with products demanded through Euros. This, in effect, will circularly trigger greater production and investment in different goods and technologies.

The gathered data are utilized to study the production chains which can gradually be inserted into the first core of the circuit, in order to calculate how to use the increment of liquidity and the “import substitution” effects produced by the ‘virtual’ currency with the purpose of enhancing the economic power of these chains and of inserting into the social web unused energetic, material and human potentialities present in the context. As the economic web keeps becoming richer and more self-sufficient, the central committee can set several devices in order to borrow Euros to invest in material and technologies which are not yet available within the local area – with the purpose of, paradoxically, being as independent of Euros as much as possible in the future. It can be established, for instance, that the members who “export” goods to individuals who only use Euros have their “foreign currency” exchanged with an equivalent sum of *Affari Senza Soldi*’s money so as to build a public Euro reserve, to be used to pay back loans. A slight “tax” would be imposed to balance all individual’s effective contribution to this exchange of currencies and, therefore, even to the reserve.

Tuscany's circuit is currently using a loan to invest in ambitious projects which will allow its members to exchange goods in 'virtual' money almost for the 100% of transactions. Among other things, the funding will be used to produce hydrogen cars, to reopen a paper mill functioning with low environmental impact, to produce clothes made of hemp, nettle and other fibres available within the perimeter of the circuit. Another interesting plan is to refurbish and repopulate two entire villages of potentially 1300 people who will exchange goods and services entirely in Affari Senza Soldi's money.

Even if the ones described are the only instruments declared by the consultants working in the realization of the circuit, supplementary tools can also be considered, databases published by the local Chamber of Commerce and Industry or by the national statistics institute, as well as academic studies about the unexploited local economic potentialities.

Although it is still a social experiment, the institutional framework through which Affari Senza Soldi and all consultants forming its committee grant credit to borrowers presents some features which are oriented towards a concept of credit functioning as a community recognition of the potential reciprocal usefulness of its members. In particular, we can notice

- The absence of lender reserve constraints, both in a legal and material sense. Since the central committee utilizes fiat virtual money, it cannot "run out of liquidity" and find unprofitable or difficult to obtain liquidity to settle transactions, as may occur with modern banks.
- The abolition of any maturity date or interest, since they make sense only if all risk burdens a few individuals and consist in a limitation of the entrepreneur's productive potentiality.
- The division of consultants in a lot of local groups, in order to rigorously judge a borrower according to personal and contextual needs and potentialities, as we have already seen talking about their methodology. No quantitative criteria as the ones given by, say, credit rating agencies is considered. For any consultant of the circuit it is essential to be personally well-established within the productive and interpersonal environment of her very small area. To each consultant a precise list of clients is assigned. Usually, each of them does not follow more than 30-50 clients, 80-100 clients can be reached if the consultant is already specialized in a specific local sector (i.e. hotel industry, timber industry). As Alessio Bini, the founder of the initiative, remarks, «consult-

ants also create reciprocal trust within the circuit by supervising the exchanges among her clients and between these latter and other consultant's clients, acting therefore as a team».

Each consultant, due to her vocation, tends to specialize in one particular production chain. In order not to generate productive disequilibria between groups of clients of different areas and sectors, a further agency of consultants based on the work of local consultants is established. It is called "Gabella Minore", in remembrance of the real medieval function of Gabellieri. Its task is to incentivize exchanges between areas of clients who are specialized in different kinds of productions and, above all, to put into practice all possible commercial strategies in order to harmonize such exchanges, for the purpose of making the community tend toward economic autonomy as much as possible. The Gabella Minore has a territorial jurisdiction which does not correspond to the administrative borders of an Italian province, but covers an economical and historically homogeneous area. Often such an area is smaller than an Italian province. In order to outline the perimeter of this jurisdiction the following is taken into account:

- studies about local history, retracing details on foreign occupations and invaders;
- local road network;
- present habits in performing close commercial exchanges: food, clothes daily consumption goods.

The earnings of the Gabellieri consist in a share of the commissions which Affari Senza Soldi receives – for any transaction - from the economic agents whom they follow. The ordinary consultants also receive a fixed monthly payment.

Despite the actions striving for production balancing, within the areas of Gabelle Minori the particular degree of specialization of local community will provoke productivity overabundance anyway. This case is typical, for example, of the very common situation concerning productive Italian districts where entire neighbourhoods or, even, areas including several towns have specialized in the textile industry or leather and shoe manufacture.

For this reason, the same framework, managed by a group of consultants called "Gabella Maggiore", is being built to coordinate trade between the areas supervised by the Gabella Minore and, possibly, between different Italian regions in the future.³¹⁶

³¹⁶ Notice that commercial transactions using Affari Senza Soldi's money – without any exchange rate with "another" complementary currency – are only considered within a perimeter formed by what can be evaluated as optimal currency areas according to Mundell (1961) and Bagnai (2012).

From this picture one can draw the idea of how a “global” evaluation of what is needed to invest in becomes an intersection of local rigorous assessments.

Mr. Bini explains how the circuit is especially concerned with the technical advantage which local networks have in recognizing human economic desires and, therefore, potentially beneficial investments in granting credit. The rule is to maximize local sector potentiality first and, secondly, to put each area’s “comparative advantage” into connection – notice that these two stages are intended in a logical rather than chronological order. What is spared is the difficulty which a directly global or national network of lenders usually has in evaluating the most meaningful desires and necessities which each node potentially and holistically develops and transforms within its specific human and cultural context.³¹⁷ The consequence of such a difficulty is in fact a loss of awareness of how much one’s production would actually maximize utility for the entire community.

In addition, it is important to notice that:

- Credits given by *Affari Senza Soldi* represent a form of financing whereby the selection of the firms is not made according to the level of – usually short-term – individual profit for the financier, contrary to the equity market. They do not privilege big joint stock companies which produce huge personal profit but often create imbalances in the market – through a too hard and sudden competitiveness impossible to catch up with or through long-term instability in the Stock Exchange, if it is present. “Non-commercial” credit issuers can afford to favour small activities which equilibrate the local community in the long-term and make it gradually grow. Tuscany’s *Affari Senza Soldi*, for example, is currently explicitly putting farming and industrial manufacture first.

The founder of the circuit also declares: «the legal form of the firm is taken into account in order to favour the human factor. In the decision to accept new members, sole proprietorship or family businesses are favoured over partnership and, above all, over limited liability companies. These latter function as a Leviathan which is potentially immortal, but capable of disappearing as soon as predicaments occur. Their owners and investors can take advantage of a process of shunning of responsibility incentivized by current Western laws».³¹⁸ From this comparison, it is interesting to note that forms of

³¹⁷ Stiglitz and Weiss 1981; Berger and Udell 2002.

³¹⁸ All information here gathered about *Affari Senza Soldi* comes from the author’s personal interviews and observation of the work of the circuit founder and consultants, as well as from the elements present in the official website such as ethical and economic codes, legal form of the circuit and of the ‘virtual mon-

big cooperatives of workers without limited liabilities also seem to be endowed with what Mr. Bini here singles out as human responsibility or “human factor”.

- Finally, financial speculation and, in general, financial instruments are completely abolished, being simply superfluous and a form of value distortion in such a setting.

What stands out from this overview of the functioning of *Affari Senza Soldi* is, therefore, the absence of the technical and “pragmatic” characteristics which make the current system of credit granting tend often to credit rationing, or at least to credit rationing mostly in respect of small-medium enterprises – the same characteristics which may cause, on the other hand, occurrences of financial bubbles. The specific qualitative method used to evaluate the single potential borrowers – and the potential members of the circuit – moreover, suggests that a similar organization can have the capacity to incentivize or actively push the economic agents to make their products more suitable for a harmonic contextual economic growth, even without necessarily excluding from credit distribution the agents who have structural limits to such an adaptation. This kind of incentive would have very different social outcomes in comparison with the ones typical of the traditional financial system, where companies which cut expenses and long-term investments in order to achieve a large but temporary increase in profit are privileged by – usually also “temporary” – creditors and shareholders, or where funding incentivizes the exponential growth of a few companies which compromise balanced economic growth.

The model of *Affari Senza Soldi* can represent a scenario in which financing coincides with a pure recognition of each individual’s needs and desires rigorously connected with an equal recognition and enhancement of each economic actor’s productive potentiality. But it can be perfected by including, in the process of credit distribution, an involvement of potential borrowers within institutions of collaborative progress. These can recall the spirit of the Sharing Economy³¹⁹, enlarging the concept to include engineering and research as well as consumption, or of Open Source Ecology, a network of farmers, engineers and designers who are currently «developing a set of open source blueprints for the Global Village Construction Set (GVCS) – a set of the 50 most impor-

ey’, geographical allocation of the firms, images of entrepreneurs’ current account diagram, etc. (<http://www.affarisenzasoldi.it/>). In his empirical observation, the author was able to attend several preparation courses for consultants, interview these latter about the non-official instruments they utilize (sociograms and personal notes), verify the effective functioning of the circuit credit card and the level of efficiency of the transactions. The empirical investigation had place mostly in Florence, Pistoia, Lucca and Pisa in the period between May 2015 and January 2016.

³¹⁹ Hamari et al. 2015.

tant machines that are needed for modern life to exist – , everything from a tractor, to an oven, to a circuit maker, that can be made for a fraction of commercial costs, and whose designs can be shared online for free».³²⁰

In the envisaged scenario, the commission of credit issuers can undertake the commitment to actively making sure that potential borrowers take part in similar collaborative organizations.

Affari Senza Soldi is only one of the recent experiments of complementary currencies which have been trying to deal with economic marginalization. Indicative studies on alternative social institutions and behaviour aimed at enhancing the potentiality of market exchanges and credit allocation can be found, for instance, in Smets and ten Kate (2008), Ruddick at al. (2015), Della Peruta and Torre (2015) and Andriani (2014). Seyfang (2002, 2003, 2004) and Littera et al. (2014), in particular, have recently brought to attention the cases of, respectively, time banking and Sardex, a complementary currency circulating in the Italian island of Sardinia. The reason why I chose to focus on Senza Soldi is that it is, as far as I was able to verify, the only case study in which all elements listed above are present together and in a significant way.

Time banks, for instance, «aim to help people to ‘spend time building community’ through the mechanism of members exchanging time and help among themselves, via a ‘time broker’ who matches members’ needs and abilities, to produce a ‘reciprocal volunteering’ scheme. It is particularly aimed at those on the margins of the conventional economy – the jobless, those in low income households, the retired etc.».³²¹ Nevertheless, although these initiatives share the same intention of re-inserting work-force into the economy by means of enhancing reciprocal information and trust within small contexts, similar models lack a systematic monetary mechanism which, as in Senza Soldi, ensures the capacity to invest in technological advances and, potentially, in start-ups.

The work of Taylor (1971, 1977, 1979), instead, sheds light on the specificity of credit unions as financial cooperatives aimed at remedying economic exclusion caused by credit institutions functioning through arbitrary language games. Credit unions are directly controlled by their associates and their purpose is to support community development, providing credit at competitive rates and other financial services to its members: «the members provide both the demand for and supply of loanable funds and the

³²⁰ Information available at <http://opensourceecology.org/> (last access 1-10-2015).

³²¹ Seyfang 2005b, p. 2

CU must intermediate between these members». ³²² As a close look at Taylor's model can show, nevertheless, credit unions do not succeed, in their structure and mechanism of credit allocation, in getting rid of the language game whereby capacity of credit has to be in function of the availability of a certain "raw material" of credit. In fact, as can be inferred by Spencer (1996), Taylor's model of credit union implies that the expansion of its assets and liabilities is effectively in function of the expansion of reserves accumulated through past profit.

In conclusion, the proposed framework would not mean the abolishment of free market but, rather, it would maximize its benefits. It would not prevent the establishment of a legal system of rewards for individual inventions or freedom in the decisions of how to run an enterprise, but it would maximize potential reciprocal usefulness.

If built in this way, how and when credit is issued would not be determined by personal or incomplete expectations of risk and profit. It would not be determined by the value of the already circulating commodities and by already formed imbalanced social relations of force. To the contrary, credit would actively shape equal relations of force and suitable commodity values. When credit stops being a commodity which is traded according to partial logics it can be conceived as pure recognition of the potentialities and desires of individuals and would maximize everybody's capacity to offer suitable products and to require something desirable in exchange, fulfilling Hegel's purpose of absolute reciprocity. Through this new conception of credit we can reformulate Hegel's categories by redefining his notion of authentic freedom. This conception of freedom, notoriously, dissociates itself from any notion of negative freedom and liberation from "environmental conditions". Instead it embraces instead the idea whereby the highest freedom coincides with the state which lets consciousness determine itself, according to how it "feels itself in its full identity and satisfaction" within certain historical and social relations and constraints:

Nothing can achieve self-determination by dominating or abstracting from the particular conditions that influence it, but only by finding the identity of its controlling orientation and activity within those conditions. Only this will count as identifying with those conditions, and so we can already see some of the constraints that must be built into any conception of the rational consent of an agent

³²² Spencer 1996.

to her circumstances: such consent can only mean that the agent finds herself able to express herself not only in the products but in the form of her own activity and expression. She must be able to find in those conditions the resources for non-alienated self-transformation³²³

According to what has been argued earlier in respect of society as a whole, an “alienated transformation” is a social transformation triggered by a form of rationality shaped by an abstraction of a particular perception of necessity and desires from the overall account of current or potential necessities and desires – due to current allocation of instruments and bargaining power or due to a lack of adequate instruments to recognize and fulfil the other’s potential demands. That is an abstraction which prevents such a rationality from recognizing the highest possible reciprocal utility and, therefore, satisfaction and human realization. In this sense, human society would be alienated from what it would recognize as its own full and “natural” identity. A “non-alienated” social transformation – a state of freedom which would be as “authentic” as possible in Hegelian terms - can be achieved thanks to the optimization of personal opportunities. This ends up coinciding with the optimization of interpersonal agreements, that is to say of the capacity to reciprocally offer and to have one’s actual and potential desires fulfilled. This is reached by means of particular economic institutions whose goal is to recognize and make justice to each individual potentiality as much as possible.

Conclusions

The most relevant result of this work can be summarised in a substantial change of the philosophical approach towards “ethical” issues. It can be summed up as follows: the research for an authority reflecting a more original naturalness of human beings, essential in the authors who have been quoted in the first two chapters, has been transformed into the authority of the research, understood as the concrete observation of the “contingent structure” of functioning of determined social economic instruments within determined contexts. Such a concrete, empirical observation of a contingent structure finds its practical and philosophical scope in the search for equal and maximized reciprocal bargaining power among economic actors.

³²³ Yeomans 2012, P. 223.

The difference in the method between the first and the second attitude may appear subtle but it is in fact considerable in its practical outcomes. This is because the pursuit of the goal of maximization of reciprocal bargaining power - and, therefore, the very sense of the commitment in the observation described above - would be undermined by the very nature of the first approach. It would be undermined by the search for a “more reliable” kind of authority which would *in general* respect the “natural” needs and desires of all singularities.

Any similar research, in fact, has been showed in its methodological effect of *limitation in the investigation*. As in any metaphysical approach, a philosophical speculation which fosters the privilege of a specific kind of “human figure” or human language as valuable *per se* in fact dismisses a concrete verification of how such a figure or language behaves in particular contexts. It dismisses, in effect, the investigation on how any logic, linguistic or economic instrument behaves in specific singular cases. While in the introduction I hinted at several “privileged languages and authorities” assumed by the post-metaphysical and post-structural traditions or by the dialectic and pragmatic “schools”, my attention in this thesis has focused on the authority of the liberal-ironist promoted by Rorty and on the reliance on the authority of the “coming other” by Derrida. Together with all the others exemplars of philosophical authorities, the formulation of these “ethical” solutions would aim at doing justice to a “more authentic” contingent naturalness of all singular individuals, to what their contingent “nature” would agree to do. What they produce is instead trust in a certain human figure whose evaluations, needs and desires are equally alienated because they are shaped by an arbitrary distribution of social and economic tools.

A concrete analysis of the structural functioning of these tools within determined contexts is a less metaphysical method, which puts minor constraints on the results which an investigation on human practical satisfaction could reach. It is true that any decision about what current social desires are and what the adequate instruments to fulfil them are is always inscribed within a contingent knowledge of a context and, therefore, it is dependent on the evaluation of an arbitrary “authority”. But the difference between a Rortyan or Derridean authority and an “instrumental” investigation is that the formers are more likely to limit their evaluation to what stands out in a certain moment as the conversationally agreed solution to a problem - to what is perceived by the Other or by the liberal-ironist as desirable in a certain moment. This may occur without investigating whether there may be an even “better” allocation of instruments and potentialities.

To perform a similar investigation, instead, I needed to pick specific scenarios in detail and carry out an analysis of the logic in which their specific instruments work in those cases. The functioning of these instruments is contingent and the criteria for their best disposition cannot be synthesized in a general formula or moral parameter. The best distribution of instruments in order to achieve a maximization and equalization of reciprocal bargaining power needs to be evaluated in each particular context separately. The only legitimate “pragmatist” initiative is, in this sense, an examination of the material and legal tools likely to be possessed by economic agents within a chosen context and a reflection about the concrete effects which their structure causes in each particular way in which they can be distributed and organized. The respect of the contingency of any given case is in this way combined with the search for any possible durably observable character of their functioning. Such a relatively durable character is evaluated in its adequacy to an “ethical” life, according to the quantity and the equality of reciprocal expectations or “attractiveness” it ensures among economic agents.

An organization of production in which owners of machineries are different from owners of labour force is, for instance, assessed as inadequate to achieve a maximization of reciprocal satisfaction, even in the case of perfectly functioning trade unions. Thanks to the peculiar structure of these two sets of instruments, in fact, the possessors of means of production may always have a bargaining advantage over skilled workers. Even assuming a perfectly distributed allocation of credit and technical knowledge, the necessary dynamics of the particular case containing such a bargaining discrepancy is found as likely to cause an asymmetry of information – and, consequently, of power – between the two “categories” of producers. This undermines the willingness, by exploited workers, to borrow funds to set up their own firms. These structurally possible discrepancies are instead averted in the case of an organization in production made of workers-owned firms.

Throughout this examination and construction of hypothetical scenarios, no new macro-economic theory or empirical discovery about the features of economic tools or about the behaviour of human expectation is presented. What is done is, firstly, the recognition of the consistency of the quoted economic theories with their philosophical “version”, which discloses the existence of a certain formal structure in human pragmatic inter-personal behaviour. Such theories are treated as a technical translation of the philosophical concept of authority as faced in the third chapter. A concept later connected

with a particular interpretation of Hegel and which concerns the role of perceived reciprocal utility in social and economic relationships and how temporal and instrumental discrepancies in capacities can undermine an individual's awareness of the others' ability to give something in exchange – and, consequently, her own willingness and ability to do that.

Secondly, the knowledge drawn from these theories and their philosophical interpretation is utilised to *focus* on understanding when a certain allocation of economic instruments is coincident with a durable maximization of reciprocal expectations. A similar situation occurs, for the most part, when each economic agent is equally able to utilise and exploit the fruit of qualitatively optimized machineries and labour skills. Also, the instrument of credit needs to be allocated in order to only fulfil the task of maximizing the production of mutually satisfying goods and no other tasks. They may appear as quite trivial prescriptions. Nevertheless, they are overlooked by the economic theories which I quoted and, therefore, must be the result of a well addressed and holistic look at what I called the “formal pragmatic structure” implicit in these theories themselves. Economic theories, in effect, usually do not address the problem of maximization of reciprocal satisfaction just because they are concerned mostly with regional and partial questions.

While discussing the most adequate logic which credit allocation should assume, for instance, I referred to a great extent to the work by Stiglitz about the problems of risk aversion, adverse selection and how to favour a distribution of credit and investment which would benefit the creation of enterprises facilitating the spread of knowledge. His works are excellent in giving solutions to such specific social goals. But the very logic of economic methodology is not concerned with setting up a systematic analysis of the role of these social goals in the formation of a maximally satisfying society. In other words, Stiglitz can explain that a learning society is better for the quality of human life but he does not necessarily explain it as a consequence of the fact that it structurally enhances and equalizes reciprocal utility and trust and that this enhancement at its highest possible level should be the “essential” pragmatic highest goal. He mostly embeds his thesis in purely empirical terms and observations. This means that the reader of Stiglitz is not compelled to understand his analysis under the all-comprehensive scope of optimizing every agent's bargaining power. She does not feel compelled to push her ethical commitment toward an analysis of all the other ways of granting credit which may or

may not ensure that. If this is not the task of an economist, it is the task of an ethical philosopher.

Similarly, Keynes' works were perhaps the first ones to systematically analyse the macroeconomic consequences of the inexistence of the "Walrasian auctioneer" – that is of an authority which models perfectly and instantaneously flexible prices and wages in order to immediately rebalance markets after a shock.³²⁴ This inability to instantaneously re-coordinate on a grand scale demand, investments and supply makes reciprocal expectation drop with a consequent under-utilisation of labour force. Keynes' contribution is essential to uncover and explain the reasons of the possible persistence of under-exploited reciprocal potential usefulness within an economic web - reasons which have been overwhelmingly used in this thesis. His proposals, though, have been developed to address regional economic issues, which are consequences of needs and desires shaped by arbitrary dispositions of economic instruments. His best known proposals to rebalance aggregate demand through government action can be read, for instance, as the response to the necessity, by entrepreneurs, to reacquire shares of market and to the necessity, by consumers, to recover a certain purchasing power. The attention is not focused on what are for this dissertation general pragmatic issues such as the maintenance of an equal power among agents.

Refusal of transcendental (or quasi-transcendental) structures and languages as fostering authorities which only allegedly do more justice to the Other; contextual observations focused on the highest possible reciprocal bargaining power given by the available instruments; study of technical characteristics of economic instruments only as a means to understand the balance of power among all the economic agents involved, neglecting the "regional" ends of the essays of economics. This, in synthesis, is the methodological approach of my dissertation in its difference from both purely philosophical-ontological approach and technical economic one.

The last thing I would like to point out in this conclusive chapter is the difference between my approach and the one by an author who is well-known for promoting the intersection between economic and philosophical analysis, Amartya Sen.

Sen has already been quoted while talking about the problem of equality in relation with Paretian conception of utilitarianism. Although he is critical of the very term of "individual utility" – so much employed throughout this work – in order to discuss about the

³²⁴ Signorino 2016, P. 3.

preferable allocation of goods within a community, his ideas are actually very consistent with the ones here expressed. He shows in fact scepticism toward any objective notion of personal “utility”, maybe identified with a specific kind of pleasure, as not taking into account the relative freedom and self-determination which a subject had in order to choose it and to achieve it. In other words, Sen finds it “arbitrary” to assess in itself the pleasure a person presently has, because that does not put it in relation with all unexpressed ways of realizations this person could have reached, maybe even preferably. In order to best take advantage of these potentialities and to do justice to these potential desires, one has to understand social fairness as a maximization of individuals’ “capabilities”. That is to say, their «capacity to convert income and commodities into valuable achievements»,³²⁵ which also depends on personal characteristics and cultural factors. In fact,

if social realizations are assessed in terms of capabilities that people actually have, rather than in terms of their utilities or happiness (as Jeremy Bentham and other utilitarians recommend), then some very significant departures are brought about. First, human lives are then seen inclusively, taking note of the substantive freedoms that people enjoy, rather than ignoring everything other than the pleasures or utilities they end up having. There is also a second significant aspect of freedom: it makes us accountable for what we do³²⁶

Another way to see the question concerns the fallacy that a majority voting rule can produce in the attempt to achieve the best collective preference and, allegedly, the highest collective utility. The majority rule, in fact, is another example of procedure based on a class of information which is not complete in respect of what would be needed to assess the “overall” degree of welfare of a community. In particular, it does not take into account how much a minority becomes worse-off as consequence of a particular preference decision, in comparison with how much the majority becomes better-off:

Consider the case of dividing a cake among three persons, called (not very imaginatively) 1, 2, and 3, with the assumption that each person votes to maximize only her own share of the cake. (This assumption simplifies the example, but nothing fundamental depends on it, and it can be replaced by other types of preferences.) Take any division of the cake among the three. We can always

³²⁵ See Clark, D. A. 2006.

³²⁶ Sen 2009, P. 19.

bring about a "majority improvement" by taking a part of anyone person's share (let us say, person r's share), and then dividing it between the other two (viz., 2 and 3). This way of "improving" the social outcome would work given that the social judgment is by majority rule-even if the person thus victimized (viz., r) happens to be the poorest of the three³²⁷

Sen's stress on capabilities is an attitude which is very similar to providing each individual with optimized economic instruments, even if discussed in a broader context than a simple macroeconomic one. But the fact that in the overall Sen's theory it is missing a specific systematic proposal in regard to themes such as credit reformation, relationships of power within the structure of firms and the problem of financial bubbles may not be only a pragmatic shortcoming of his theory and may not be only dependent on a refusal to deal with specifically economic issues.

It is in fact relevant to notice that, surprisingly, Sen does not tackle the problem of maximization of potentialities explicitly in terms of reciprocal satisfaction and commitment in the satisfaction of reciprocal desires. In contrast to what an economic approach to ethics would suggest, the essential necessity of enhancing one's bargaining power in relation to the others is not systematically developed while discussing the basic ingredients to one's capabilities and well-being. The fact that each other's needs and desires are mutually influenced and must be mutually fulfilled according to reciprocal power is perhaps implied in the capabilities approach, but it is not analysed in its consequences for ethical priority. The recall to capabilities becomes a mere reference to the necessity of essential capacities to achieve some benefits. It hardly addresses the issue toward the economic tools useful to obtain the capacity to satisfy the other's desires and to obtain, therefore, bargaining power within a context of division of labour.

The capabilities approach is incomplete if the task is to bring one's satisfaction to its highest degree within an environment where exchange economy is prevalent. If the goal is to increase the quality of life of less fortunate people, one cannot disregard the fact that imperfections in credit and financial market play a crucial role in the maintenance of disparities. Even if Sen recognises this fact, he is quite vague in elaborating the features of a credit system (or of a firm structure) which would encourage the development of capabilities useful to optimise one's ability to commercially respond to the other's needs and desires. What is not sufficiently dealt with in Sen's theory appears to be, therefore, the essential role of reciprocal "attraction" and recognition in the perfection

³²⁷ Sen 1999, P. 251.

of one's social happiness; the structure which has been analysed in this dissertation by means of a pragmatic reading of Hegelian dialectic. Sen disregards the ethical weight of the structure of mutual bargaining power and he is not interested in applying such a specific approach to the assessment of determinate economic tools. One can say that, without the precise methodology given by a similar approach, to take a general position about the just allocation of socio-economic tools is, in effect, pointless within a contingent conception of the world.

Such a flaw is reflected in how Sen suggests to act in order to tackle contingency of human preferences. The fact that these preferences can change according to each specific context, Sen argues, makes the problem of preferable values in justice a very complicated one. Different kinds of values may be put in contrast when we have the problem of deciding which one produces the highest benefit and there is no general or transcendental rule to apply. In view of this situation, the priority for Sen seems to be dealing with this "state of contingency" as it presents itself to our eyes, as the examples reported in *The Idea of Justice* appear to convey:

Sen spends a good deal of time worrying about the problems for justice that are presented by incommensurable values. To illustrate this, he supplies the example of trying to decide which of three children should get a flute: Anne, the only one who knows how to play it; Bob, the only one who is so poor that he has no other toys; or Carla who made the flute. Sen reasons that a utilitarian would likely give it to Anne, an egalitarian would give it to Bob, and a libertarian would give it to Carla. He returns to this example repeatedly, which he takes to illustrate the fact that there is no compelling way to choose among appeals to happiness, economic equity, or entitlement to the fruits of one's labour³²⁸

Whatever answer a comparative approach to justice may reach in a similar occurrence, from the point of view of my methodology to put the question in these terms is wrong and misleading at its very root. It does not make sense to immediately focus on the allocation of the flute. The priority of the "instrumental" approach to justice of this dissertation would be, in cases like this, to understand how to supply the children with the adequate instruments in order to maximize reciprocal usefulness and bargaining power "in general", not only in relation to the flute. Once this situation is realised or at least ap-

³²⁸ Shapiro 2011, P. 1256; see also Sen 2009, Pp. 14, 201.

proached, there will be an agreement among the children in which someone will renounce the flute in exchange for something else and one of them will be willing to offer something in exchange for the exclusive ownership of the flute. For instance, the poor one will no longer be so interested in the flute, he will be satisfied with a board game which the others now have purchased or even invented and in which he is invited by them to take part, probably because they enjoy his participation. The one who made the flute will be pleased with a little reward from the one who can play it and not necessarily with the flute. The one who knows how to play it will be happy to offer something to the previous one in order to have the toy. The flute ownership, in other words, will be the expression of an agreement among highest possible reciprocal bargaining powers which decide how to reach the highest reciprocal satisfaction with their potential resources.

That is not to say that Sen's approach would be "wrong" in allocating the flute. It might as well choose the best distribution within the restricted set of potential capabilities immediately 'visible' in the description of the example. It may choose to give the flute to the poor child in order to improve her capability to amuse herself. Such a capability may be judged as the most important in that singular context, even if the child would be much happier with another toy. But this is the problem: without an explicit commitment to the improvement of reciprocal usefulness - and possibly on the specific socio-economic instruments able to realize it - one can in fact consider only certain capabilities accessible within a restricted sphere of personal potentialities, which may not cover the entire range of social potentialities. In this sense, a simple focus on personal capabilities may become an abstracted question which diverts from focusing on the potentialities which an individual has once she is in relation with different kinds of individuals.

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