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Derrida's Debt to Milton Friedman

Michael Tratner

IN THE ESSAY *Given Time: I. Counterfeit Money*, Jacques Derrida says it is important to trace the literary consequences of certain events in economic history: "To study, for example, in so-called modern literature, that is, contemporaneous with capital—city, *polis*, metropolis—of a state and with a state of capital, the transformation of money forms (metallic, fiduciary—the bank note—or scriptural—the bank check), a certain rarification of payments in cash, the recourse to credit cards, the coded signature, and so forth, in short, a certain dematerialization of money, and therefore of all the scenes that depend on it."¹ The transformation Derrida describes is part of the development of late capitalism; though his essay analyzes a short story by the nineteenth-century writer Baudelaire, the transformation away from "metallic" to "fiduciary" forms of money officially occurred in the twentieth century, as did the spread of credit cards and coded signatures. As the economic historian Randall Hinshaw notes, during the twentieth century "commodity money is gradually being displaced by fiduciary money . . . in 1937, gold or commodity money made up about 91% of the world's monetary reserves . . . this figure had dropped to 49% in mid-1966."² In other words, fiduciary money became the dominant form of money at just about the time that Derrida began developing his literary theories.

Derrida seems to define "fiduciary" money as bank notes and bank checks but in international exchange the term refers to money backed by reserve positions. Derrida's awareness of such money may derive from remarkable economic events during the decade when he was writing his essay. Tracing deconstruction back to the 1970s is a common critical gesture, but only in terms of politics; for example, Tobin Siebers sees it as a product of cold war suspiciousness; Raman Selden, as the intellectual follow-up to '60s radicalism; and Barbara Foley, as a development of liberal pluralism.³ But consider as well the relevance for deconstruction of the economic transformation that occurred in 1971, when all currencies became fiduciary monies as the mechanisms of international exchange dropped all reference to metals or other "specie." Milton Friedman describes the revolutionary nature of this change:

Until 1971, departures from an international specie standard, at least by major countries, took place infrequently and only at times of crisis. Fisher concluded in 1911 that “irredeemable paper money has almost invariably proved a curse to the country employing it.” . . . The declining importance of the international specie standard and its final termination in 1971 have changed the situation drastically. “Irredeemable paper money” is no longer an expedient grasped at in times of crisis; it is the normal state of affairs in countries at peace, facing no domestic crises, political or economic, and with governments fully capable of obtaining massive resources through explicit taxes. This is an unprecedented situation. We are in unexplored terrain.⁴

The unexplored terrain that emerged in the 1970s is the world of dematerialized currencies that Derrida believes has somehow transformed literature. Lifting the “curse” on irredeemable monies is tantamount to lifting the curse on signs that operate without reference, a central element of Derrida’s linguistic project.

The economic transformation of money in 1971 is in peculiar ways tied to the radical politics of the 1960s, as we can see by noting that in France an important suspension of convertibility of the franc occurred in May, 1968, in direct response to the threat of a General Strike. The radical disruption of the social order that seemed to many linked to the disruptions of deconstruction led to—or was countered by—the ending of “reference” in that most fundamental “sign” in the capitalist system, money. Jean Baudrillard recognizes a relationship between the new kind of rebellion of the left in the 1960s, the demise of the gold standard, and deconstruction, though his way of characterizing this complex relationship is to say that the development of an economic system based on what he calls “uncontrollable play” marked the end of the possibility of “materialist” contradictions, the end of the Marxist dialectic in which changes in means of production generate changes in the social order, so that a new form of resistance (to signs) was needed. He concludes that at a certain point in history, production was “elevat[ed] . . . to a total abstraction, . . . to the power of a code, *which no longer even risks being called into question by an abolished referent*” (his emphasis).⁵ Then in a footnote he explains that, “economically, this process culminates in the virtual international autonomy of finance capital, in the uncontrollable play of floating capital. Once currencies are extracted from all production cautions, and even from all reference to the gold standard, general equivalence becomes the strategic place of manipulation. Real production is everywhere subordinated to it. This apogee of the system corresponds to the triumph of the code” (129 n. 9).

Baudrillard’s comments suggest a peculiar relationship between deconstruction, sixties’ radicalism, and the new definitions of money. The end of the gold standard results in uncontrollable play of capital,

which sounds like the freeplay that Derrida finds in language. In fact, if we read the new "definition" of a currency, it seems very much like a Derridean description of the endless "dissemination without return" of linguistic signifiers—to define one sign is merely to put up other signs, and so on, never reaching any end. The dollar is redefined so that it is no longer a "silver certificate," a paper referring to physical objects, but rather simply a "federal reserve note," a note indicating that the Federal Reserve System owes the bearer a dollar. To have a dollar is to be owed a dollar: the sign that represents money actually represents that one has the right to another sign.

After the 1970s, the question of what backs up currencies is no longer answered by an image of a huge stockpile of gold, but rather by a reserve system; internationally, this takes the form of the International Monetary Fund, or IMF, in which countries hold "reserve positions" or "s.d.r.'s," "standard drawing rights"; they are granted rights to borrow, and those rights back up their currencies. Internationally, a dollar is now defined as a "basket" of so many marks plus so many yen, so many pounds, so many of every currency—and similarly a mark is so many dollars plus so many yen, and so on. Defining a currency in terms of a basket of other currencies does rather seem like a system of freeplay of signifiers: searching for the "meaning" of one monetary sign leads only to an infinite sequence of other signs and ultimately circles back to the same sign. Monetary signifiers are defined in terms of their differences from other signifiers, not in terms of any signified.

Payment across countries is no longer even mythologized as the transfer of objects; indeed payment in effect no longer exists at all; rather, payment has become the transfer of debt from one country to another. If being given an IOU is a way of deferring payment, the current economic system has made such deferrals permanent. The meaning of economic signs no longer derives from reference but rather from a code.

Such changes in economics do not happen all at once and are never complete and uniform across the entire field of economic activity. New economic concepts emerge long before they become orthodoxy, and sometimes such concepts appear first in non-economic texts, as ironic mockery of common practices or descriptions of other social systems or even just imaginary possibilities. In *Given Time*, Derrida in effect retraces the long process of subtle changes in economic notions which led up to the final dematerialization of money in 1971, by citing from texts published near crucial moments in the history of the transformation of money. Derrida focuses particularly on an ironic story by Baudelaire, "The Counterfeit Coin," published in 1864, and on an account of the economics of "primitive" societies by Marcel Mauss, *The Gift*, published

in 1925. Near each of these publication dates there was a significant change in the way Western governments backed up the money they issued, and elements in these texts reflect those changes. When Baudelaire wrote his story about counterfeit money, there was considerable international anxiety about governments issuing money backed by nothing, particularly the U.S. during the Civil War, which paid its troops with "Greenbacks" that it printed quite freely. In reaction to this anxiety, the official international gold standard was instituted in 1881. The gradual dematerialization that Derrida wants to trace was the undoing of this international treaty.

Baudelaire may not have paid much attention to international finance, but he was peculiarly sensitive to the issue of spending beyond one's means and going into debt, because early in his life he went through his family fortune so rapidly that his relatives came together in 1844 and put his inheritance under their legal control so he could not spend himself into serious debt.⁶ In effect, when he wrote the story Derrida cites, Baudelaire was suffering under a personal version of the policy that would become international law in 1881: a legal restriction on the ability to spend beyond one's means. Derrida reads into Baudelaire's comments about the possibility of wealth emerging from the circulation of counterfeits a step towards the dematerialization of money that would emerge in the twentieth century. Baudelaire was certainly chafing under his inability to spend beyond his reserves, but to say that he is simply exploring a new economic idea is to ignore the irony of the story, which depends on the reader's familiarity with the nineteenth-century morality of spending only what one had earned. Indeed, Baudelaire's pleasure in telling the tale depends on the sense that circulating a false coin would be considered an evil act, so that the contemplation of the apparently lovely temporary results of such an act could come under the rubric of Baudelaire's general interest in the "flowers of evil." The story adopts an ironic stance towards circulating counterfeits, but depends on the anxiety about dematerialization that led to the official gold standard.

Derrida projects quite a bit of later economic history back onto this story, including not only dematerialization but the transformation into a consumerist economy which occurred from around 1880 to around 1920. The first thing Derrida focuses on in the story is that the scene is set outside a tobacco shop. Derrida describes tobacco as "the object of pure and luxurious consumption . . . an expenditure at a loss that produces a pleasure . . . tobacco seems to open onto the scene of desire beyond need" (*GT* 107). Baudelaire certainly admired lives devoted to consumption, writing extensively about dandies, but he would have thoroughly resisted the notion that such consumption could someday

be the norm for everyone; indeed, much of the pleasure of contemplating the dandy is his difference from the average dull, thrifty, bourgeois citizen.

The dandy becomes an important figure in social commentary and literary circles at the end of the nineteenth century, but disappears from discussion early in the twentieth, precisely as consumerism spreads to becoming the basis of economic morality throughout all classes. Lawrence Birken traces this transformation in economic history in terms rather similar to Derrida's: desire replaces need as the basis of economics.⁷ But this transformation is not the move to some mysterious realm of "luxurious consumption" as Derrida suggests; rather it is the move to everyday consumerism. One small sign of the move from needs to desires is a change in economic textbooks: in the nineteenth century, every text began with production and with an account of the needs that production hoped to satisfy; in the twentieth, every text begins with demand, with desires.

The moment when consumerism finally replaced productivism as the basis of economics is roughly the moment, 1925, when the other writer Derrida highlights—Marcel Mauss—published his treatise, *The Gift*. The 1920s were a period of rapid transformation of economic morality in which saving became much less important than spending, and the average person gained for the first time the ability as a part of normal life to spend more than savings—in other words, to go into debt. This ability came about in reaction to the emergence of the automobile, which led to radical changes in lending laws to allow average persons to buy cars on time. To give a sense of this transformation, the economic historian Martha Olney notes that before 1920, the average American had twice as much in savings as in debt; by 1925, this ratio had been reversed.⁸ In other words, 1925 marks the year when average Americans began spending more than they had earned. A similar transformation was occurring all over Europe.

What happened to consumer economics in the 1920s became economic orthodoxy in government policy in the 1930s when the Depression led to the worldwide acceptance of Keynesian policy. It was the Keynesian revolution that eventually made "consumption the new watchword," according to economic historian Geoffrey Barraclough, and it was Keynes who finally normalized the role of spending more than earnings—deficit spending in governmental policy.⁹

Derrida presents Mauss's gift economy in terms that connect it to the economic transformations of the Keynesian era. Derrida quotes at length a passage from Mauss in which Mauss seems to recognize that the new governmental policies, such as Social Security, are steps towards the kind of gift economy he advocates. The result of such policies, Mauss

says, is that “we will rediscover motives for living and acting that are still prevalent in many societies and classes: the joy of public giving; the delight in generous expenditure on the arts; the pleasure in hospitality and in private and public festival. Social security, the solicitude of the mutuality, of the cooperative, of the professional group, of all those legal entities upon which English law bestows the name of ‘Friendly Societies’—all are . . . better than the mean life afforded by the daily wage set by management, and even better than capitalist saving” (quoted in *GT* 65). Mauss implies here that the gift economy which he found in “primitive” social systems was also emerging in the early twentieth century within capitalist society. Derrida describes Mauss as searching for an alternative economics that is neither “capitalist mercantilism” nor “Marxist communism” (*GT* 44).

Quite a few economists were searching in the 1920s and 30s for such an alternative, including Keynes, John Hobson, and one C. H. Douglas, who proposed what could be called an entirely “gift-based” economy. Douglas called his system “Social Credit,” because he advocated replacing money entirely with credit given out by the government, but an unusual kind of credit, because nobody needed to pay it back. He wanted money to be recognized as a free gift from the government, adjusted each year to keep ahead of production so that depressions could not happen. Keynes acknowledged that Douglas was a major influence on his deficit economics, and all the governmental programs such as Social Security and WPA projects which followed upon Keynesian influences in effect were modified versions of the move toward a gift economy.

Derrida highlights the centrality of credit in Mauss’s gift economy, putting in italics Mauss’s statement that “the gift necessarily entails the notion of credit” (*GT* 45). Derrida then goes on to make the remarkable claim that credit has the same position in the economic system that *differance* has in linguistic systems. He says this in an account of Aristotle’s distinction between chrematistics and economy. Chrematistics is the system of monetary circulation, a system that Derrida says “has no limit in principle. Economy, on the other hand, that is, management of the *oikos*, of the home, the family, or the hearth, is limited to the goods necessary to life” (*GT* 158).¹⁰ The distinction, Derrida says, depends on the “limit between the supposed finiteness of need and the presumed infinity of desire, the transcendence of need by desire” (*GT* 158). He then writes this sentence: “As soon as there is monetary sign—and first of all sign—that is, *differance* and credit, the *oikos* is opened and cannot dominate its limit.” *Differance* and credit are presented here as two essential features of signs that have the same result: they make it impossible to maintain any limits or to have a closed system; they move one from an economics ruled by needs to one ruled by desires. Derrida’s

phrasing and his turn to Aristotle imply that credit has been a part of the economic system about as long as there has been money, but I am trying to show that in fact in Western nations credit only becomes a normal and regular part of *oikos*, home or consumer economics, from the 1920s on, bringing into everyday consciousness the notion of desires beyond needs.

After his detailed examination of the ways in which Mauss's gift economy and its notion of credit bears similarity to Derridean linguistic structures, such as *différance*, Derrida's argument takes a rather surprising turn: he goes on to argue that a gift economy could never exist, because in such a world a gift-giver would be expecting a return, and so would not be really giving gifts. To create a gift economy, Derrida says, one has to imagine a "happy medium" between a "Shylock" and a "monk" (*GT* 65). In claiming that the gift economy is impossible, Derrida in effect moves beyond Mauss and the 1920s, joining the tide of economic theory of the 1970s, the tide that overthrew the Keynesian orthodoxy. Critics of Keynesian theory argue that Keynesian economics is impossible in very much the same way that Derrida argues that the gift economy is impossible. For example, Robert Lucas and Thomas Sargent, founders of the new Rational Expectations Economics, argue that Keynesian policies of increasing government spending to counter downturns in the economy are impossible because "countercyclical policy must itself be unforeseeable by private agents . . . while at the same time be systematically related to the state of the economy. Effectiveness, then, rests on the inability of private agents to recognize systematic patterns in monetary and fiscal policy."¹¹ In other words, the excess money distributed by the government to counter business cycles must seem an incalculable addition, "unforeseeable," a pure gift. At the same time, it must be "systematic," in other words, carefully calculated by government agents. The government has to then act like a Shylock, cannily calculating returns, and at the same time appear to be a monk, giving money away beyond all reason. Lucas and Sargent argue that private agents would always see through the image of monkish generosity to the Shylockian calculation, and so would plan for what is supposed to be unforeseeable generosity, destroying the gift-effect of deficit spending. Derrida's denial of the possibility of the gift economy parallels anti-Keynesian economics of the 1970s, which characterizes deficit spending as merely an illusory gift hiding a form of usury (*GT* 42).

Derrida's argument against the possibility of a gift also ends up partly repeating what Baudelaire's narrator says in his story: the man giving away a counterfeit coin to a beggar is trying to please both God and his pocketbook, to give charity and calculate returns at the same time. Edward K. Kaplan describes Baudelaire's story as leading in itself to the conclusion that "charity is impossible."¹² So one might think that

Derrida, in saying that gift economies are impossible, is returning to the 1860s, not joining in the developments of the 1970s. Actually, the two possibilities can coexist, because the economists who challenged Keynes in the 1970s claimed to be returning to the economic theories of the latter half of the nineteenth century, calling themselves Neoclassical Economists.

Derrida's arguments in *Given Time* come closest to those of one of the most important anti-Keynesians, Milton Friedman. Friedman argues that money plays an important role in the economy precisely because it is a system for distributing signifiers which have no referent. He says that money is "a social convention that owes its very existence to the mutual acceptance of what from one point of view is a fiction."¹³ Sounding very much like a deconstructionist, Friedman goes on to say that money is a "veil": what it veils most is its own fictionality. Friedman criticizes previous economic theories for believing that the fictionality of money made it irrelevant, that one could always substitute the things actually exchanged in any discussion of what money was doing. Instead, he argues that changes in the sign system itself, in money, are some of the most important determinants of economic events.

Friedman's theories, though developed in the 1950s, remained secondary to Keynesian theories until the 1960s and '70s, when the fictionality of money became much more evident as the value—or the "meaning"—of monetary signs began fluctuating daily under the influence of rampant inflation. Before the 1970s, certain countries, notably France and the United States, maintained the appearance that monetary signs represented physical realities by holding large quantities of gold to back up monetary reference. Pictures of Fort Knox were circulated as evidence of the backing of the dollar. After the 1970s, the U.S. eliminated its rigid gold price and eliminated its national stockpile. The fictionality of money became an important economic tenet of all governments and a commonplace of newspaper headlines declaring the latest inflation figures. I suggest that the economic developments that made inflation a powerful political buzzword contributed to the plausibility of theories such as Derrida's.

The policies which Friedman advocates bear similarity to some of what Derrida explores in *Given Time*. Though Friedman accepts that deficit spending—governmental gift-giving—is useless, he still has a way to stimulate the economy: by steadily increasing the money supply beyond the limits of what is involved in current exchanges. In other words, he recommends that the government give money away without its having been exchanged for anything, money not backed by anything, a signifier without a signified, very much the same thing which fascinates Derrida. Derrida interprets the counterfeit coin in Baudelaire's story as

the insertion of an excess sign into the economic system. He says that the act of passing a counterfeit to a beggar is emblematic of "what can happen to capital in a capital . . . in the age of value as monetary sign: The circulation of the counterfeit money can engender, even for a 'little speculator,' the real interest of a true wealth" (*GT* 124).

Friedman does not, of course, advocate circulation of counterfeit money, but he does argue vehemently for the government taking very much the role of the man giving away the counterfeit coin: the government should keep expanding the money supply. The government must keep creating fictions, money outside the system of exchange, in order to cause real objects to appear. Monetarist economics uses the circulation of money it has created from nothing to "engender real wealth." The results of an expanding money supply are almost magical: "If any one bank receives an accession to its cash, it can therewith acquire additional noncash assets equal at most to that accession. . . . yet if all banks together receive an accession to cash, the banking system can therewith acquire additional assets equal to a multiple of that accession."¹⁴ Adding to the total supply has effects greater than the apparent added amount of cash: an excess emerges as an effect of the code.

A crucial part of Friedman's theory is the tenet that no person can or should control the excess money added to the total. The process must be completely automatic, never adjusted in reaction to economic events, unlike Keynesian countercyclical stimuli. Friedman joins the Neoclassicists in arguing that economic policies cannot counter cyclical trends. But one can have an automatic excess that keeps changing the money supply in ways that produce a pressure to increase production (he says) and therefore allows growth and keeps the economic engine running.

Derrida describes similarly the necessity of acts outside the circle of exchange—those seemingly impossible gifts—as crucial to keeping the economic engine going: "The overrunning of the circle by the gift, if there is any, does not lead to a simple, ineffable, exteriority that would be transcendental and without relation. It is this exteriority that sets the circle going, it is this exteriority that puts the economy in motion" (*GT* 30). Putting the economy in motion—pressing the throttle of the economic engine—is precisely what a constantly expanding money supply is supposed to do.

The difference between the 1920s logic of Mauss, Douglas, and Keynes that represents government as a gift-giver and the 1970s logic (following Friedman) of automatic increases in the money supply is reflected in intriguing ways in shifts in literature from the 1920s to the 1970s. Both economics and literature change from representing a world in which some important persons can stand apart from the chaos of the world and thereby create order to representing a world in which the

system runs automatically, with no individuals shaping it. We can see the literary transformation particularly well by examining writers who represent economic issues or practices in their aesthetic works. In the 1920s, Ezra Pound and William Carlos Williams were followers of C. H. Douglas's Social Credit movement, and wrote long poems, *The Cantos* and *Paterson*, that meditate on the notion of sovereignty, a notion that merges economic and artistic authority.¹⁵ Pound's *Cantos* trace a whole series of powerful governmental leaders (Malatesta, John Adams, various Chinese emperors) who are evaluated in terms of their ability to control the system of finance in their eras; as Pound puts it, "Sovereignty is in the right over coinage."¹⁶ The sovereign must be a genius who can adjust government spending in ways that no one else can anticipate, and so can counter the economic (and mental) cycles that threaten to lead to depressions. The leaders in Pound's poem appear strangely amoral—powerful, glorious, manipulative, and yet generous; they are the combinations of Shylocks and monks that Derrida says are necessary to run gift economies.

In *Paterson*, Williams repeats Pound's credo that "sovereignty inheres in the POWER to issue money."¹⁷ His poem also investigates sovereignty by creating enigmatic images of larger-than-life persons: it is based on the conceit that the town of Paterson is somehow the same as a giant man Paterson who is both thoroughly immoral and a potential sexual source of rebirth for the hellish modern world. The poem cites several tracts from followers of Douglas's Social Credit movement, and reaches a climactic demand that the government "[I]et credit / out" from its entrapment in bad fiscal policies because credit is the "radiant gist," against all that scants our lives" (*P* 183, 186). When credit is "stalled in money," Williams writes, it "conceals the generative" and "thwarts art"; credit as "gist" is thus a repressed energy, economic, sexual, and artistic, which could erupt if only there were the right sovereign figures (*P* 18). Williams also brings himself into the poem: he includes letters that describe (and condemn) his treatment of lovers; and he repeatedly asks himself how he or anyone can solve the poetic—and economic—problems of the modern world. The modernist artist in Williams's poem, as in many early twentieth-century literary works, stands apart from the rest of the world, becoming a figure similar to what Keynesian economics requires: someone who can perform acts which remain incomprehensible to everyone else in order to solve the problem of modern chaos. In T. S. Eliot's terms, the modernist uses art as a way "of ordering, of giving a shape and a significance to the immense panorama of futility and anarchy which is contemporary history."¹⁸ In giving shape to what appears chaotic to everyone else, the artist enacts a model of sovereignty.

The rejection of the Keynesian model in the 1970s is basically the rejection of active sovereignty, the rejection of a government that tries to

counter the chaos of economic cycles or to create a new shape for history. Anti-Keynesian economists argue, as we saw earlier in the writings of Lucas and Sargent, that no one can act in a countercyclical manner, because the system of cycles will always already have taken into account any leaders' efforts to counter the cycles. The only way that an excess can be found, Friedman argues, is to make that excess as automatic as the system itself. The notion of the impossibility of individual transcendence of the market or the code is reflected in postmodern arts of the 1960s and '70s, whose "flatness or depthlessness, a new kind of superficiality," according to Fredric Jameson, makes it seem that the "once-existing centered subject" that remained, however enigmatically hidden, behind modernist works, "has today in the world of organizational bureaucracy dissolved."¹⁹

To give one striking example of the role of economics in postmodern literature, consider *The Crying of Lot 49*, a novel about mysterious signs appearing everywhere and the search for the meaning of them. No one in the novel finds any understandable system of meaning; nonetheless, the book manages to end, and what allows the search to end is one final act: the signs are put on the market. The book ends with its title, with the crying of a lot, the call for bids at an auction, and what is being put on the auction block at the end is a collection of objects marked with the signs everyone has been trying to understand. The novel thus finally turns to the market in order to end its fiction: what stands outside fictional signs and allows them to operate as signs is not reference or meaning but a market for those signs. This is Friedman economics exactly, letting the "meaning" of the most important signs derive from the market, not from any conscious plans of supposedly sovereign governments, corporations, or individuals.

Derrida's texts are generally treated as emerging out of the worlds of literature and philosophy, not economics. However, by reading back from this essay to earlier ones, we can see that economics has always played a role in Derrida's linguistic analyses. Consider, for example, the essay "Signature, Event, Context," in which Derrida deconstructs the nineteenth-century writer Condillac's theory of meaning. Throughout this essay, Derrida describes Condillac's theory as one that sets "production" as the origin of meaning. Condillac's theory is based on "the simplicity of origin, the continuity of all derivation, of all production."²⁰ Similarly, Condillac believes that "to write is to produce a mark that will constitute a sort of machine which is productive in turn" (S 8).

Derrida's challenge to Condillac takes the form of a critique of production. Derrida argues that the meaning or value of a sign does not derive from its production: "The sign possesses the characteristic of being readable even if the moment of its production is irretrievably lost"

(S 9). Signs are then “the nonpresent *remainder* of a differential mark cut off from its putative ‘production’ or origin” (S 10). This denial of the importance of production as the source of “meaning” of signs may be a philosophical position, but it seems also to be a corollary to the transformation of the economic system from productivist to consumerist, that transformation which brought credit to seem the basis of the economy. In his critique of Condillac, Derrida brings in several terms to describe what replaces the moment of production as the source of meaning, but in his follow-up article, “Limited, Inc.,” he says that there is really just one structure, the “parasitic structure,” which he has “tried to analyze everywhere, under the names of writing, mark, step, margin, *differáance*, graft, undecidable, supplement, *pharmakon*, hymen, *parergon*, etc.”²¹ In other words, parasitism, a form of borrowing and indebtedness, replaces production in Derrida’s theory, as it does in the economic history of the twentieth century.

Derrida writes as if what he is doing is simply arguing with Condillac in the ahistorical realm of philosophy, but I suggest rather that he is looking back at the productivist economics of the nineteenth century from the viewpoint of the consumerist economics of the twentieth, when the theory that physical production is the central engine of the economic system no longer holds. Derrida finds in theories of signs a parallel to this economic transformation: production is no longer the source of meaning of signs. Rather, a code produces meaning without distinct acts of production: meanings are then like a stockpile of objects waiting to be used.

Derridean attacks on the connection of meaning to intention or production end up being interpreted as liberalizing gestures, freeing people from the tyranny of the subject. But Derrida’s project hardly produces images of freedom; rather the code takes over, creating its automatic effects. Derrida focuses attention on one small sign of the inability of individuals to control even their own possessions: they cannot control their signatures. In *Given Time*, he lists “coded signatures” as one of the new forms of money. In “Signature, Event, Context,” he presents his deconstruction of the notion of the uniqueness of signatures: “to be readable, a signature must have a repeatable, iterable, imitable form; it must be able to be detached from the present and singular intention of its production” (S 20). Note that once again the key to Derrida’s conclusion that signatures are separate from intentions is that they are separated from production. Derrida’s deconstruction of signatures marks one of the fundamental features of poststructuralist discourse, the undoing of “subjects” as the originators and producers of meaning. This alteration in the nature of subjects derives in part from the rejection of production as the source of structural form and value.

Without a fundamental concept of production, there is no “producer” of signs, and hence writers lose their sovereignty over meaning. Nations similarly lost their “sovereignty” over money as a result of 1970s economics. When currencies are defined entirely by their relations to other currencies (the market and the float), not by seeming reference to objects, the notion of sovereignty changes. Robert Triffin, who proposed the system of defining currencies in terms of baskets of other currencies, describes the problem of deciding the “meaning” of monetary signs—their worth—as precisely a problem of accepting a distinct reduction in sovereignty:

In a world where countries have become more and more interdependent, [there is an] enormous gap between the supranational nature of the problem with which we dealt and the multiplicity of national currencies, coupled with nationally determined policies which are often internationally incompatible. Yet it is clearly impossible to change overnight these tribal or national systems with which we have been living into a supranational system in which countries are called upon to surrender their precious sovereignty. This is a problem we can only solve gradually—through international, not supranational decisions. What I would insist upon, however, is that in doing this we should not forget that the problem itself is not a national one: it is an international problem.²²

The “gap” that Triffin discovers is very much the kind of gap that Derrida repeatedly focuses upon. There is a gap between the meaning of a given monetary sign and the intended meaning that the sovereign issuing nation would like to assign it. Currency gains some part of its meaning or value from the international situation; a daily posting of rates of exchange is like a constantly shifting dictionary. It is the crying of the dollar every day, letting the market shape the code itself into a constantly changing system. Pound’s and Williams’s belief in sovereignty over coinage falls apart in the 1970s, as it becomes clear that there is no sovereign powerful enough to control the meaning of money.

We could even adapt this economic model into an alternative interpretation of Derrida’s account of linguistic signs. Triffin’s account suggests that to use a linguistic sign requires not merely an intention on the part of the person using it, but a system of exchange—a market—that determines how others will make use of the sign. One can “intend” to use a word in a certain way, only to discover that people take the word differently. Linguistic interactions are exchanges partly determining the meanings that words carry, and hence shaping the models upon which individuals build their utterances. The results of utterances shape the “intentions” that go into further utterances; such results even shape what a person thinks the intentions that supposedly preceded an

utterance were. Triffin and Derrida both propose systems that would result in the deconstruction of sovereignty.

In summary, then, I suggest we add to the list of disciplines that have contributed to deconstruction. In *Of Grammatology*, Derrida credits numerous fields, including philosophy (Nietzsche, Heidegger, and Husserl), linguistics (Saussure), ethnography (Lévi-Strauss), and psychology (Freud).²³ To this list, let's add economics, citing Keynes, who marks the end of production as the basis of economics, but who maintains the belief that individuals in powerful enough positions can still act to counter the effects of the system, and Friedman, who brings in the notion that the sign system operates separate from any individual agency. Historians of theory would probably prefer to cite Marcel Mauss and George Bataille as the ones who led Derrida to the concepts of gifts and of mysterious, uncontrollable economic structures. It is probably true that they figure more consciously in Derrida's own thinking than do Keynes and Friedman. But the emergence of deconstruction and its rapid spread during the 1970s are not merely events in the history of highly intellectual disciplines; they are also events in the broader history shaped by the changes in everyday economics and governmental practices. Keynes and Friedman developed theories which had material consequences; Mauss and Bataille were in effect mythologizing the events going on in mainstream economics.

Mauss and Bataille may seem better predecessors because they were critics of capitalism, as Derrida is, but if mainstream twentieth-century economic practices in effect involve the deconstruction of signs as an everyday part of their functioning, then perhaps deconstruction should not be considered inherently anti-capitalist or even anti-authoritarian. Derridean theorists need to be careful when they generalize that a deconstructive challenge to one form of authority (such as the authority given to production as the source of economic value and the source of linguistic meaning) carries with it a challenge to authority in other realms, or even a challenge to the very idea of authority entirely. Derrida makes such an unwarranted leap when he argues in his essay that the power of a counterfeit coin to generate real wealth is equivalent to a radical disruption of patriarchy: the power of the counterfeit coin in Baudelaire's story, Derrida claims, reveals that "the phantasm" has "the power . . . of producing, of engendering, giving, rather than the 'True Father'" (*GT* 161). The image of a True Father, Derrida implies, depends on theories of production and human giving as the basis of prosperity, in other words, on outdated economic theories. In noting that the phantasm, the sign, the code, has more power of "engendering" and of "giving" than the True Father, Derrida might be tracing not the demise of patriarchy but simply the demise of Keynesian economics and

of the liberalism of the 1960s, the demise of the notion that the government can wrap itself in the guise of the True Father and maintain the economic system by appearing to give gifts whenever recession threatens.

By describing the results of the economic transformations he has traced as the end of patriarchy, Derrida's theory implies much more than has happened. The deconstructive revision of money into a system of signifiers in endless freeplay may be a modification of capitalism, one that capitalists and patriarchs opposed for centuries, but it turns out that it is possible to perform such a deconstruction without undoing much of capitalism or patriarchy at all—and Friedman did just that. Twentieth-century economics reveals that non-logocentric sign systems can coexist quite well with capitalism and can even play a crucial role in the functioning of structures of authority, which apparently can operate quite well without invoking any True Fathers at all.

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NOTES

- 1 Jacques Derrida, *Given Time: I. Counterfeit Money*, tr. Peggy Kamuf (Chicago, 1992), p. 110; hereafter cited in text as *GT*.
- 2 Randall Hinshaw, ed., *Monetary Reform and the Price of Gold* (Baltimore, 1967), p. 51.
- 3 Tobin Siebers, *Cold War Criticism and the Politics of Skepticism* (New York, 1993), pp. 46–56; Raman Selden, introduction to *The Cambridge History of Literary Criticism*, vol. 8, ed. Raman Selden (Cambridge, 1995), p. 6; Barbara Foley, "The Politics of Deconstruction," in *Rhetoric and Form: Deconstruction at Yale*, ed. Robert Con Davis and Ronald Schleifer (Norman, Okla., 1985), pp. 113–34.
- 4 Milton Friedman, "Notes on the Quantity Theory of Money," in *The Essence of Friedman*, ed. Kurt R. Leube (Stanford, 1987), pp. 379, 381.
- 5 Jean Baudrillard, *The Mirror of Production*, tr. Mark Poster (St. Louis, 1975), p. 129.
- 6 Pascal Pia, *Baudelaire*, (New York, 1961), p. 33.
- 7 Lawrence Birken, *Consuming Desire: Sexual Science and the Emergence of a Culture of Abundance, 1871–1914* (Ithaca, N.Y., 1988).
- 8 Martha Olney, *Buy Now Pay Later: Advertising, Credit and Consumer Durables during the 1920s* (Chapel Hill, N.C., 1991), p. 47.
- 9 Geoffrey Barraclough, "The Keynesian Era in Perspective," in *The End of the Keynesian Era*, ed. Robert Skidelsky (New York, 1977), p. 106.
- 10 For alternative interpretations of the relevance of Aristotle's distinction between *oikos* and *chrematistics* to twentieth-century economic and literary issues, see a pair of articles in *New Literary History*, 31(2000): Scott Meikle, "Quality and Quantity in Economics: The Metaphysical Construction of the Economic Realm," 247–68; and Richard Seaford, "Aristotelian Economics and Athenian Tragedy," 269–76.
- 11 Robert E. Lucas Jr. and Thomas J. Sargent, "After Keynesian Macroeconomics," in *The Rational Expectations Revolution: Readings from the Front Line*, ed. Preston J. Miller (Cambridge, Mass., 1994), p. 20.
- 12 Edward K. Kaplan, *Baudelaire's Prose Poems: The Esthetic, the Ethereal and the Religious in The Parisian Prowler* (Athens, Ga., 1990), p. 109.

- 13 Milton Friedman and Anna Jacobson Schwartz, *A Monetary History of the United States* (Princeton, 1963), p. 696.
- 14 Milton Friedman, "A Monetary History of the United States: A Summing Up," in *The Essence of Friedman*, p. 341.
- 14 For a much more detailed account of the economics in Pound and Williams, see chapter 5 of my book, *Deficits and Desires: Economics and Sexuality in Twentieth-Century Literature* (Stanford, 1995), pp. 121–72.
- 15 Ezra Pound, *The Cantos of Ezra Pound* (New York, 1972), p. 610.
- 16 William Carlos Williams, *Paterson* (New York, 1958), p. 218; hereafter cited in text as *P.*
- 17 T. S. Eliot, *Selected Prose of T.S. Eliot*, ed. Frank Kermode (New York, 1975), p. 177.
- 18 Fredric Jameson, *Postmodernism, or, the Cultural Logic of Late Capitalism* (Durham, N.C., 1992), pp. 9, 15.
- 19 Jacques Derrida, "Signature, Event, Context," in *Limited, Inc.*, tr. Samuel Weber and Jeffrey Mehlman (Evanston, Ill., 1988), p. 4; hereafter cited in text as *S.*
- 20 Jacques Derrida, "Limited, Inc.," in *Limited, Inc.*, p. 103.
- 21 Quoted in Hinshaw, *Monetary Reform*, p. 47.
- 22 Jacques Derrida, *Of Grammatology*, tr. Gayatri Chakravorty Spivak (Baltimore, 1976).