Iconomics: The Rhetoric of Speculation

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When E. F. Hutton talks, people listen.
An advertisement for an investment firm

Everything began with speculation. Speaking to members of the American Enterprise Institute, on 5 December 1996, U.S. Federal Reserve Board chairman Alan Greenspan reflected, "How do we know when irrational exuberance has unduly inflated asset values?" Two days later, the *Chicago Tribune* offered the following account of what ensued:

> As soon as reports of his comments flashed across their screens, traders seized on the fact that the chairman of the most powerful central bank in the world was wondering aloud about "irrational exuberance" in stock and bond markets. Tokyo's key Nikkei index ended down more than 3 percent, the biggest one-day drop this year; on the Hong Kong market, the Hang Seng index posted its biggest point drop since March; the German DAX ended the session down 4.05 percent; on the Paris market, shares closed down more than 2 percent after a mass sell-off, and British stocks suffered their biggest one-day loss in four years, dropping 2 percent.
>
> In the United States, the widely watched Dow Jones industrial average plunged more than 144 points, or 2.2 percent, at the opening, before

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recovering during the day to close with a loss of 55.16 points, or less than 1 percent, at 6381.94.[1]

The *Tribune*'s account of events was typical. Media reaction was chiefly focused on the question of whether Greenspan meant to bring about the consequences that followed his statement: "Many analysts thought the result was intended, although, as one put it: 'We'll never know. The signal is in the eye of the beholder.' "[2] National Public Radio pointed out that the chairman's concern with the effects of his public statements has led him, over the years, to be "often intentionally bland." One NPR analyst insisted, however, that in this case Greenspan's words were "carefully chosen" to have the effect they did, with the putative goal of "taking some of the air out" of the market in order to avoid a major downturn should interest rates go up in the near future.[3] On this account, which was common to those media economic analysts who believed Greenspan had acted deliberately, the chairman was engaging in risk management. It was certainly convenient that he made his statement when U.S. markets were closed, with the result that the domino effect reached them last, providing ample opportunity for heads to cool and effectively limiting the losses stateside compared to those in Asia.

Early in the *Tribune* story, Greenspan is said to be considered "the second most powerful man in the world" after then-president Bill Clinton. But if there is a difference in the degree of power between the two executives, there would also seem to be a difference in kind. The U.S. chief executive is in a position to launch armies and weapons of mass destruction, and the highly complex economic, political, and military infrastructure that forms the substance and instrument of his institutional power can be deployed through a series of executive orders. This makes it possible for the president to effect policy objectives through indirection, such as hints, threats, promises, or suggestions. All these would derive their efficacy from the institutional power of the presidency, that is, from the fact that the president can make things happen in the world.

The Fed chairman, too, can make things happen in the world—he can adjust interest rates or the money supply. This is a considerable power, similarly undergirded by a complex political and economic infrastructure that locates the Fed chairman at its key juncture. However, Greenspan's "hint" (if it was a hint) cannot be accounted for exclusively by reference to this infrastructure. The institutional matrix underwriting Greenspan's rhetorical power stands in a significantly differ-

1. John Schmeltzer, "Stocks Get the Message," *Chicago Tribune*, 7 December 1996, 1.
2. Schmeltzer, "Stocks Get the Message."
3. "All Things Considered," *National Public Radio*, 6 December 1996.

ent relation to it from that linking the bully pulpit to the institutional power of the presidency. The Fed chairman's utterance is, to be sure, a speech act, the possibility of which depends upon his unique economic and political authority. However, the tactical indirection of which he appears to have availed himself in this case renders legible the distinctive features of the relation between rhetorical performance and the logic of finance capital. While Greenspan's utterance does bring about changes in the world, it also bears a unique *iconic* relationship to the social imaginary ("the market") within which it inscribes itself. The Fed chairman's rhetorical act owes its effectivity not only to its functional properties as a hint, but also to its status as *speculation*. We cannot account adequately for this effectivity in terms of a theory of communication that presumes a *distinction* between linguistic performance and the activity of the stock market, since the market is an economic system only insofar as it is also a discursive one. In short, Greenspan's linguistic performance is iconically identical to the economic "reality" to which it appears to refer.

We are dealing here with a distinctive type of iconicity.[4] Greenspan's utterance is what Charles Sanders Peirce would call an "indexical icon" of the market in which it seems to intervene, because it produces, reproduces, and reflects the process of speculation that constitutes the stock market.[5] This utterance is the stock market's synecdochal "image" of itself. As an image, however, it is not a representation or a picture but rather a condensed repetition of the basic activity of securities markets. It is, in fact, even a kind of *reflexivity* of the entire system of the market, the market "thinking" about itself through a discursive procedure that is itself inseparable from what the market is and does. Stock "speculation" finally amounts to the double reflection denoted by the term—it is the system's speculative assessment ("bet") of its own future state, which is in fact produced by ("reflects") such assessments. It is this process that Greenspan's utterance at once signifies, facilitates, and iconically reproduces.

To grasp the defining features of this economic iconicity—that is, of "iconomics"—it is necessary to analyze the structure of hinting itself. Assuming, as market analysts and investors clearly did, that Greenspan was giving them a hint, the consequences for stock exchanges around the world indicate unmistakably that this "hint" is a distinctive type of speech act. The founding gesture of speech-

4. For a survey of some competing theories of iconicity in literary and rhetorical studies, see W. J. T. Mitchell, *Iconology: Image, Text, Ideology* (Chicago: University of Chicago Press, 1986).

5. On "indexical icons," see Charles Sanders Peirce, *The Collected Papers of Charles Sanders Peirce*, vol. 8, ed. Charles Hartshorne and Paul Weiss (Cambridge, Mass.: Belknap, 1960).

act theory is J. L. Austin's basic distinction between "constative" and "performative" utterances.[6] Constative utterances produce "locutionary" effects typical of referential or descriptive communication. Performative utterances fall into one of two categories: "illocutionary" or "perlocutionary." Illocutionary performatives function directly through articulation: when a jury pronounces me guilty, I become guilty; when I say "I do" in a wedding ceremony, I become married; when you promise me to do something, you find yourself obligated. Perlocutionary performatives produce their effects as indirect consequences: I tell you about the remarkable increases in sales my company is experiencing, and you invest in its stock.

The essential difference between illocutionary and perlocutionary acts is that the former require locution to produce the desired effect, while the latter do not. As Austin explains, "Unless a certain effect is achieved, the illocutionary act will not have been happily, successfully performed. . . . [Its] effect amounts to bringing about the understanding of the meaning and of the force of the locution."[7] On the other hand, "we can . . . always say 'I got him to.' . . . This does make the act one ascribed to me and it is, when words are or may be employed, a perlocutionary act. Thus we must distinguish 'I ordered him and he obeyed' from 'I *got him* to obey.'"[8] In other words, an illocutionary act produces its effects merely by accomplishing itself as an act of communication, while "it is characteristic of perlocutionary acts that the response achieved . . . can be achieved additionally or entirely by non-locutionary means."[9]

Could Greenspan have achieved the goal of "taking some air out" of the market by means other than speech? He could have raised interest rates or restricted the money supply, but if the goal was to minimize the risk of market failure in the event of such a raise, these could not have been effective options. He could have directly and clearly stated his opinion that values were overinflated, but this would have been a speech act as well, one almost certain to produce effects indistinguishable in their impact from actually changing monetary policy. This means

6. See J. L. Austin, *How to Do Things with Words* (Cambridge: Harvard University Press, 1962). The literature of speech-act theory is vast, and much of it concerns precisely the difficulties Austin himself faces in struggling to establish, clarify, and maintain the distinctive features of performativity. I avail myself of his work here not because it represents the best set of theoretical tools available for understanding the performative aspects of Greenspan's utterance, but because the framework he lays out, precisely in *failing* to hold up both in theory and in critical application, elucidates those features of the structure of the hint that interest us here.

7. Austin, *How to Do*, 116–17.

8. Austin, *How to Do*, 117.

9. Austin, *How to Do*, 119.

that Greenspan's hint could not have been a perlocutionary performative. Logically, then, it must have been an illocutionary one. But one of the defining features of an illocutionary act is that it must convey a clear expression of intent.[10] The intense debate over the implication of the Fed chairman's comment clearly indicates that the expressed intent was anything but clear.

In short, if Greenspan's utterance was neither an illocutionary nor a perlocutionary speech act, it could not have been a speech act at all—at least not one for which Austin's theory could adequately account. Austin admits that it is often difficult to distinguish illocutionary from perlocutionary effects, since both depend on the context of the speech act, and this context can be difficult to delimit. Thus a hint would be illocutionary if performed in a context where the convention of "hinting" is clearly understood and the speech act marks itself as a hint. But there is an essential contradiction in such a formulation, for what makes a hint a performative, rather than what Austin calls an "infelicitous" constative producing unintended effects, is precisely its ambiguation of its own performativity.[11] Thus if a hint is clear, it is not a hint, whereas if it fails to communicate itself as a hint, it fails in its performative function. How can we say, then, that the effects that follow upon interpreting a statement as a hint are intrinsic to its structure as a performative utterance, when acknowledgment of its performativity would entail its failure? Hints play upon the ambiguity of intent in order to function as hints. Consequently, the inherent impurity of the distinction between constative and performative utterances functions as the fulcrum on which the hint's leverage depends. This structural ambivalence, conceded by Austin himself, is irreducible in theory and pivotal in Greenspan's rhetorical practice, where it serves several specific functions, which will become clear shortly.

The *Tribune* article notes that investors responded to "the fact" of Greenspan's speculation, which would seem to indicate that in this case any number of possible phrases could have produced the same effect. Since it locates speech effects outside the intentional structure of the utterance, this is again at variance with the notion of performativity. Not just any phrase would have done in this instance, but if "the fact" of an utterance can itself be rendered a speech act by the audience irrespective of the intention conveyed by it, the very distinction between constatives and performatives breaks down. Of course, we are not obliged to make sense

10. Note that it is only the *expression* that must be clear in indicating intent. Austin stipulates almost from the beginning that actual intent is beside the point. That is, the speaker may be feigning intent or entertaining doubts about it, but so long as the utterance suffices to communicate intent, the illocutionary act is accomplished.

11. Austin, *How to Do*, 14 and throughout.

of any act of communication only by means of speech-act theory. In principle, we can demur that sometimes audience interpretations override speaker intentions and leave it at that. But the media account of the event in question focuses attention on the conditions under which this can happen.[12] The relation between the grammatical and rhetorical form of Greenspan's comment, its diction, and its denoted and connoted significations is, in fact, paradigmatic of the logic of discourse of finance capital, or of finance capital as a discursive system.

The issue of Greenspan's intent arises immediately in every attempt to determine the status of his comment: Was it or was it not a "hint"? But this question instantly morphs into an analysis of the economic arguments supposed by commentators to be condensed within the hint itself, as if the hint were a synecdoche for the arguments. Media analysts managed to extract a variety of such arguments by interpreting the content of Greenspan's utterance in a variety of contexts. Thus, under the headline "A Subtle Warning, a Missed Signal; Markets Mistake Greenspan Comment as Indication of Rate Rise," John Berry of the *Washington Post* argues that "Greenspan's comments . . . were an attempt to 'jawbone' investors,"[13] concluding that in fact "investors and traders around the world *misread the signal*: neither Greenspan nor other officials are about to raise rates. After all, the U.S. economy is in good shape."[14] On Berry's reading, while the stock market is "giddy," Greenspan would not raise the prime interest rate just to calm it down, because "there is virtually no hint of a speculative bubble anywhere else in the U.S. economy." The evidence he offers for this view consists in other experts' assessments of economic and stock market conditions. He then argues that "had the chairman had a rate increase in mind, it would have come at a mid-September meeting when the stock price bubble was almost as large as it is today." Finally, Berry proceeds to offer a careful reading of Greenspan's comment, interpreted in light of its immediate textual context, a reading designed to demonstrate that the Fed chairman could not have had a hint in mind. In concluding his reading, Berry observes that the problematic comment "was worded so subtly that even some other Fed officials . . . did not realize it was intended to be a signal that the chairman thought that stock prices had become uncomfortably high."

12. Indeed, the phrase "irrational exuberance" has since entered the media idiolect and has even become the title of a book on investing: Robert Shiller, *Irrational Exuberance* (New York: Broadway, 2001).

13. As Bill Montague of *USA Today* explains, "'jawboning' is a Washington term for trying to persuade people to do what you cannot force them to do." *USA Today*, 9 December 1996, 1B.

14. John M. Berry, *Washington Post*, 7 December 1996, A1 (emphasis added).

Meanwhile, Richard Stevenson of the *New York Times* confirms the sensitivity of the link between the Fed chairman's speech and the activity of stock markets: "Alan Greenspan . . . has long since learned that his every phrase will be transmitted instantaneously to stock and bond traders worldwide and that his merest inflection can send markets stampeding."[15] His view directly contradicts Berry's when, echoing the *Chicago Tribune*, Stevenson claims that "given Greenspan's long experience in his job, it is inconceivable that he was unaware that his remarks could unsettle the markets." In other words, the function of the chairman's comments within the context of his speech is, on this account, beside the point for understanding how they function with respect to the interpretive practices of the market. Rather, such an understanding must constitute the intentional structure implicit in Greeenspan's remark. That is, he knows markets will speculate based on likely (mis)readings of his words; therefore, his speech is based on his speculations about how it might be (mis)read. His speech thus bears at once a speculative and specular relation to its imagined readings (which, it bears repeating, are themselves speculative). His reading of the market's reading of his speech in general becomes the basis of any particular speech. Speculation, then, determines what Greenspan may and does say.

Readings such as Stevenson's imply that more conventional readings such as Berry's are misguided precisely because they take Greenspan's apparent *attitude* about reading the market to explain his speech, which is instead to be explained in relation to his actual rhetorical and reading *practices*. While Berry tries to understand the speech situation from the point of view of Greenspan's well-established preference for linking securities trading with economic and industry factors supposedly anchoring stock values, Stevenson treats the chairman's rhetorical actions from within the sphere of the market's rhetorical and hermeneutical practices. The two interpretive approaches mirror the two "styles" of investment being negotiated by Greenspan: one is "fundamental," the other "speculative." Where the former relies on a more or less stable source of speech (or value) and an equally stable principle governing its meaning and interpretation (or exchange), the latter assumes an unstable, highly situational medium of speech and interpretation (or exchange) as constantly and reflexively reconfiguring meanings and functions (or values).

This conflict of interpretations points to one of the telling ironies of Greenspan's utterance. It makes sense as a hint only if we take seriously the idea that

15. Richard Stevenson, "A Buried Message Loudly Heard," *New York Times*, 7 December 1996, sec. 1, p. 35.

stock market values can, in principle, be overinflated, for this would mean that their value is in fact determined by "fundamentals" such as corporate earnings. However, if this were the case, then "the fact" of Greenspan's speculation to this effect would have no effect at all. The necessary condition for investors to act upon Greenspan's speculation as a hint must be that it is the collective opinion of market participants that determines values. On the theory imputed to Greenspan, stock prices either are or are not overvalued, a determination that can be made by recourse to systematic analysis. This is what makes the notion of "irrational exuberance" meaningful. But if this is so, simply expressing the view that values are unjustifiably high should have no dramatic effects. Analysts such as Berry could achieve confidence about the market's future through independent rational analysis and ignore Greenspan's "hints." But there clearly was a dramatic effect, and, more importantly, for Greenspan's utterance to have any chance of being considered a hint—that is, an utterance which dissimulates its own performative force in order to mitigate this force—it must be the case that it is primarily, if not exclusively, opinion that determines the value of stocks. The condition of possibility for the hint is also the condition of its impossibility.

But does Greenspan in fact imply the theory that market values are constrained by "fundamentals"? Doesn't he in fact only *ask*, in the form of a rhetorical question, "how . . . we know" if values are too high? Well, how *do* "we" know? The simple answer is, we don't. The value of stocks is not and cannot in principle be the object of knowledge, since the absence of such knowledge is the principle upon which the securities market operates. It is a fundamentally speculative economy. Notwithstanding the fact that stock prices are rationalized as multiples of corporate earnings per share of stock, their trading prices are determined by the forces of market exchange. Since stocks are abstract commodities, they exist as pure exchange value, which derives only from the system of exchange as such. When I buy stocks, I am betting that in the future their prices will rise—this is the classical definition of speculation. What makes prices rise? The collective system of speculation does: the more investors speculate by investing, the higher the values of their investments rise, according to the market principle of supply and demand, which operates in a purified form here as perhaps nowhere else. What drives demand? The promise of greater returns. What is the nature of this promise? Speculation. In principle, were it possible for all investors to agree to continue increasing investments indefinitely, the market as a whole would rise indefinitely, regardless of the value of "fundamentals."

It may be objected here that Greenspan's comment was powerful because it hinted that interest rates might be raised, increasing the cost of capital and thus cutting into both corporate earnings and investor profits, so that investors sent markets downward by betting on the likelihood of this scenario. This would mean that markets do in fact speculate on the basis of "fundamentals." To address this issue adequately here, it would be necessary to negotiate a vast literature in economics and the psychology of speculation, and this is impossible. However, the general argument would run as follows. While it is true that "fundamentals" constrain stock prices, these prices are gauged as ratios of various measures of financial performance, with "reasonable" valuations being determined within the context of other valuations in a given industry. Thus what is reasonable in one industry is absurd in another. While earnings and industry averages provide relative limits for valuation, there are no absolute limits. Moreover, the average in any given industry moves with investor expectations, which in turn change in response to the changes in industry averages. Thus when investors "read" patterns of change in valuations, they are in fact reading an index of changes in the speculations of all investors. Seen in this light, "fundamentals" are themselves governed by speculation, which they represent indexically. Thus when investors sell their stock, they do so not because they realize shares are "overvalued" (as if that were possible) or because they believe *others* will think so, but because they assume that others will act on what they believe everyone else will believe about what everyone else will believe, and so on. Each investor is speculating about what all the others are speculating about. The dynamic of speculation is a continuous reflexive cycle, with the "fundamentals" lying at the forever deferred end, rather than some determinate origin, of speculations.

Despite the incessant references to "fundamentals," the fact that stock investing is an irreducibly speculative activity is well accepted by investors and analysts alike. In her defense of so-called momentum managers, Ellyn Spragins of *Newsweek* suggests, "Ask yourself, what is 'real' investing? Legions of Wall Streeters with Ferraris in their six-car garages would like you to believe it's a science. But it's not. No matter how much brainpower goes into a stock purchase, it's still a bet that the price will go up—otherwise known as speculation."[16] Even so-called intrinsic value investors grudgingly concede this point: "'You have to make all sorts of projections and estimates,' says [Dick] Weiss [of Strong Opportunity], 'so it's very much garbage in, garbage out.' . . . Still, the idea that stock prices must be tied in some way to underlying fundamental value remains intellectually compelling. Patience and not a small measure of faith are required."[17]

16. Ellyn E. Spragins, "Big Mo Slows," *Newsweek*, 21 April 1997, 82.
17. Peter Carbonara, "What Is Intrinsic Value?" *Money*, June 1999, 133.

The element of "faith" in "projections and estimates" renders "intrinsic value" a willfully blind form of "momentum investing," which in turn "only works because everyone is doing it."[18] In this regard, momentum investing, or openly avowed speculation, reveals the significance of iconic reflexivity in the market system. Editorial opinion confirms this view: "The compelling reason for keeping an eye on the Dow, quite simply, is because so many people do so. 'The fact that it's so widely watched means it affects market psychology and investor behavior,' says Tim Hayes, global equity strategist at Ned Davis Research."[19]

The same can be said of the way "fundamentals" function in market discourse generally. In an article on market volatility, Lou Dobbs cites the standard view of the stock market as expressed by market analyst Harvey Eisen, chairman of Bedford Oak Advisors, who explains: "The key components of the markets are the economy and earnings, interest rates and inflation, valuation and psychology."[20] In addition to exemplifying the irreducibly incestuous relationship between professional investing and market commentary, this is an absolutely typical conception of economic reality among professional money managers and investors, so it is important to note that "the economy," "earnings," "interest rates," "inflation," and "valuation" are all explicitly understood to be objects of speculation, whereas "psychology" betokens *both* the process and still one more object of speculation.[21] The notion of "investor psychology" implies market reflexivity in that it both drives trading and is driven by it, so that the state of "the market" at any given moment is simultaneously the product of "psychology" and an index—and thus generator—of it. Obviously, to the extent that "investor psychology" refers to *assessments of the risks* involved in the objects of speculation (the economy, earnings, interest rates, inflation, valuation, etc.), the expression of these attitudes through market mechanisms is straightforward financial speculation. But to the extent that this speculative activity is itself an *index* "read" by investors, market activity is also irreducibly reflexive. That is, stock speculation is speculation not simply about the future state of "the fundamentals" upon which it supposedly

18. Spragins, "Big Mo Slows," 82.

19. Walter Updegrave, "Ins and Outs of Indexes," *Money*, February 2000, 58.

20. Lou Dobbs, "The Dobbs Report—Three Wall Street Investing Veterans Tell Lou Dobbs What's Right about the Market for the Long Term," *Money*, June 2002, 67.

21. That is, investors understand their trades to constitute wagers on probable future changes in these realities. In the context of Eisen's summary, "valuation" refers to the various mathematical ratios used to measure the relationship between stock price and corporate financial performance; however, these ratios always involve investor assessment of the "correct" ratio—assessments themselves essentially dependent upon a speculative movement.

relies, but also about the future state of the very market of which the "psychology" of speculators—taken as a totality—is a component. This, of course, is what makes "speculative bubbles" possible. As "investor psychology" feeds into the system of speculation, it drives that system, so that speculation itself drives prices, which are in turn indices of speculative activity.

The stock market is thus a speculative economy in at least two key senses. First, it is a classical system of speculation or wagering on the future. Second, the future about which it speculates is its own, which makes it speculation in the sense of specular self-reflection. The peculiar metaphysics implicit in Greenspan's notion of "irrational exuberance" treats speculation as an aberration in the system of "investment," insisting on a sort of "base" and "superstructure" model of securities valuation. According to this model, bubbles are unfortunate, avoidable occurrences, and once they burst, the market returns to its "normal" operation. So-called "fundamentals" thus function as alibis for reflexive speculation. Through the detour of reference to "fundamentals," the fundamentally speculative reflexivity of the stock market is dissimulated.

It is here that the contours of iconomics begin to come into focus. As a social imaginary, iconomics is a system of *simulation*: "the generation by models of a real without origin or reality: a hyperreal."[22] In Jean Baudrillard's well-known formulation,

> a revolution has put an end to [the] "classical" economy of value. . . . In this revolution, the two aspects of value, which sometimes used to be thought of as coherent and eternally linked, as if by natural law, are disarticulated; *referential value is nullified, giving the advantage to the structural play of value*. The structural dimension . . . gains autonomy, to the exclusion of the referential dimension, establishing itself on the death of the latter. Gone are the referentials of production, signification, affect, substance, history, and the whole equation of "real" contents that gave the sign weight as representative equivalent. All this is surpassed by the other stage of value, that of total relativity, generalized commutative, combinatory simulation . . . in the sense that from now on signs will exchange among themselves exclusively, without interacting with the real (and this becomes the condition for their smooth operation).[23]

22. Jean Baudrillard, "Simulacra and Simulations," in *Jean Baudrillard: Selected Writings*, ed. Mark Poster (Palo Alto, Calif.: Stanford University Press, 1988), 166.

23. Jean Baudrillard, "Symbolic Exchange and Death," in *Selected Writings*, 123 (emphasis in original).

A definitive feature of simulation is that "Something has disappeared: the sovereign difference between" the original and the copy.[24] In simulation, "The real is produced from miniaturized units, from matrices, memory banks and command models. . . . It is nothing more than operational. In fact, since it is no longer enveloped by an imaginary, it is no longer real at all . . . [but a] hyperreal henceforth sheltered from the imaginary, and from any distinction between the real and the imaginary."[25] The disappearance of the distinction between sign and referent renders signification as such iconic—in the classical sense that an icon instantiates that which it represents. As a system of signification, the stock market exemplifies what Baudrillard terms "the code," a structure in which all referentiality is purely internal, horizontal, and specular, in the sense that any sign bears meaning only to the extent that it mirrors other signs. Whereas precapitalist economies symbolically derived exchange value *from* use value, "classical" capitalist "political economy . . . separates the commodity into exchange value (price) and use value only then to have use value as the alibi for exchange value."[26] Iconomics re-fuses the two in such a way that use value in effect derives from, by becoming identical with, exchange value. The logic Baudrillard attributes to the commodification of the sign now returns to the system from which it springs. Understood as elements of the code, the signs called "stocks" do not refer to any extra-systemic substratum or superstructure, but derive their meaning (value) entirely by reference to other signs (stocks).

What does all this mean for Greenspan's hint? It should now be clear that Greenspan's utterance is not a simple exercise of institutional power *within* the system speculating about its speculative nature. Rather, it is an *icon* of the system, even an icon *as* the system. This mode of speech is a sort of spectral ventriloquism, whereby the hyperreal, self-reflexive system of abstract commodities (stocks) talks to itself, in terms of itself, about its own state, as a way of producing, sustaining, and managing that state. The global power of self-dissimulating simulation rendered legible in Greenspan's utterance posits itself by appearing to emanate from the Fed chairman, the central icon of the system of iconomics—at once its specular self-representation and the performative actualization of its effectivity.

This phenomenon recalls what Jürgen Habermas calls the "feudal" power of

24. Baudrillard, "Simulacra and Simulations," 166.
25. Baudrillard, "Simulacra and Simulations," 167.
26. Mark Poster, introduction to *Selected Writings*, 3.

media images characteristic of modernity once "the public sphere becomes the court *before* [which] public prestige can be displayed—rather than *in* which public critical debate is carried on."[27] In examining the iconicity of "Reagan," Michael Warner also recognizes the emergence of refeudalization as a key mode of publicness in a mass-mediated social imaginary.[28] For Warner, "Reagan" emerges as a simulation of popularity that seduces the public. However, in what amounts to a key distinction between Habermasian refeudalization and the logic of speculation, in iconomics the productive power of iconicity is dis/simulated: regardless of its rhetorical form, speculation is always a matter of *hinting*. The undecidability between constative and performative consequent on indeterminacy of intention (and context) is not only structurally irreducible, but it is also in a paradoxical sense ultimately beside the point. "We" cannot decide because there is nothing *to* decide. In his function as icon, Greenspan wonders aloud or speculates whenever he opens his mouth. Habermas worries about the refeudalization of the public sphere because it occurs when the media image displaces deliberative discourse. In iconomics, on the other hand, there is nothing to deliberate *about*, save the process of deliberation about deliberation. In fact, if it were possible to deliberate about something, iconomics could not function. "Irrational exuberance" is its very mode of existence: we *always* know when "irrational exuberance has . . . inflated asset values" because that is precisely what asset values tell us. The "air" that was taken out of the market is the insubstantial substance of which its reality consists. What is finally both declared and concealed in the phrase "irrational exuberance" is that, at the current stage of its development, "all that capital asks of us is to receive it as rational or to combat it in the name of rationality . . . for they are *identical*."[29]

As a system of dis/simulation, iconomics is thoroughly paradoxical, entailing the fact that, while as an institutional actor Greenspan is "the second most powerful man in the world," his speech has (or is) power even as he appears to lack the power of speech. Speculation, then, is the actualization of the impossibility of speaking as an intentional act. The NPR report mentioned earlier informs us that Greenspan is so highly conscious of the unpredictable effects of his words that he is often "intentionally bland" in his speeches. Since his speech is speculatively determined by the market, it is not *his* speech at all. The act of locution here is

27. Jürgen Habermas, *The Structural Transformation of the Public Sphere: An Inquiry into a Category of Bourgeois Society* (Cambridge: MIT Press, 1991), 200–201.

28. Michael Warner, "The Mass Public and the Mass Subject," in *The Phantom Public Sphere*, ed. Bruce Robbins (Minneapolis: University of Minnesota Press, 1993), 245.

29. Baudrillard, "Simulacra and Simulations," 173.

only tangentially a locutionary act, since it is not an act of *communication*. Or perhaps it would be more accurate to say that in iconomics communication has been *transmuted into speculation*. Greenspan's speech turns into simulated action, insomuch as its meaning derives from its function within a simulated reality performatively posited by speculation. Just like stocks themselves, Greenspan's speech is "invested" with value by a system in which speech and value are indistinguishable because speech mediates the reflexive functioning of an irreducibly speculative economy. The logic of the hint is thus paradigmatic for iconomics, because what produces "market value" (albeit always in phantasmatic form) is precisely the *risk of miscommunication* that must consequently be dis/simulated—that is, made to appear through a process which effaces itself.

The adjustment in the stock markets occurred because Greenspan *seemed* to say something: investors, it is said, "seized on the *fact* of the speech." This returns us to the original irony of the event: the harder he tries to ensure that there is a reality, a referent grounding the speculative economy of the market, the more forthright he is in his opinion that stocks are overvalued, the more likely he is to cause a sharp decline in those values—not because what he believes is true, but precisely because it is not true. It is Greenspan's opinion, which is iconically the market's "opinion" (its very speculation) that drives the system. Thus risk is simulated in the system by the apparent metaphysical prejudices of the actors, and it is this risk that speculative discourse is called upon to manage. Because the system is speculative—because bets are made—it controls speculative risk through dis/simulation—self-reflexive hinting, mediated to itself by a specular icon of itself. Once, through the universalization of the logic of the commodity, "sign" and "value" have become indistinguishable, the market attains the simulacrum of agency by deploying the language of "classical . . . political economy . . . [as] a sort of phantom mechanism of dissuasion."[30] In other words, what Greenspan's reflexive rhetorical question renders visible for a fleeting moment is not that "the market" dissimulates its speculative character, but rather that iconomics effaces its reflexive performativity as a necessary condition of this performativity.

Note again Greenspan's deployment of the first person: "How do *we* know . . . ?" "We" here might be understood as the royal or feudal "we" of the sovereign who is identical with the source of his power, or, more accurately, as the *entire sovereign system* of "the market" in its iconic reflexivity. This system would include the Federal Reserve Board chairman; the money managers of Wall Street and international exchanges, as well as individual investors *qua* investors; the global

30. Baudrillard, "Symbolic Exchange and Death," 127.

flows of capital Appadurai refers to as "financescapes"; all "brands" of the commodities called "currency" and (strictly without irony) "securities"; and ultimately the entire global economy.[31] Nonetheless, there is a disarticulation between the system and the first-person pronoun in Greenspan's rhetorical question. It is unclear, at best, whether members of the public of this piece of discourse are meant to identify with its "we." In their analysis of the function of reflexive performativity in producing social imaginaries as cultures of circulation, Benjamin Lee and Edward LiPuma note that "members of capitalist economies almost invariably think of 'the market' as a third-person collective agent, to which first-person agents, such as 'We the investors,' respond but do not necessarily identify with."[32] They attribute the "bifurcation of first-person and third-person agentive perspectives" that differentiates the social imaginary of the market from those of the public sphere and the citizen-state to "the mathematical and statistical nature of market transactions."[33] But this concession to the economic "reality" of market mechanisms weakens the force of one of the authors' most suggestive insights concerning the production of agency in social imaginaries. If there is no "We, the market," it is because the *dissimulation* of this identification is precisely the condition of possibility for the market's "agency."

Lee and LiPuma, as well as Warner, identify the source of agency in social imaginaries with the performative projections made possible by the public circulation of discourse.[34] The social totality is posited in and through discursive performance and attains agency through reflexive self-reference. However, the point of the present analysis of speculation as a key mode of discourse in what I'm calling iconomics is that it locates the projection of agency in the inner logic of finance capital itself. The social-contract fiction that describes the production of autonomous collective agency through the performative act of mutual promising is famously described by Marx as an ideological projection of the logic of capital into the sphere of politics.[35]

31. Arjun Appadurai, "Disjuncture and Difference in the Global Cultural Economy," in *Modernity at Large: Cultural Dimensions of Globalization* (Minneapolis: University of Minnesota Press, 1996).

32. Benjamin Lee and Edward LiPuma, "Cultures of Circulation: The Imaginations of Modernity," *Public Culture* 14 (2002): 196.

33. Lee and LiPuma, "Cultures of Circulation," 197.

34. Lee and LiPuma, "Cultures of Circulation"; and Michael Warner, "Publics and Counterpublics," *Public Culture* 14 (2002): 49–90.

35. Karl Marx, *Capital*, vol. 1 (New York: Vintage, 1977), 280. Marx writes:

> The sphere of circulation or commodity exchange, within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer

Marx identifies a straightforward misrecognition of fiction as truth that serves capital's ideological needs. Amplifying this analysis to accommodate the transition from commodity to finance capital, it becomes clear that the acknowledgment of the fictional status of the founding exchange of promises serves to assure liberal citizens of the ideological astuteness of liberalism. That is, this acknowledgment implies reflexive self-understanding that itself underwrites the image of autonomy it purports to describe. Today, in other words, it is precisely the self-conscious reflexivity of the iconomic mode of publicness that produces an ideological misrecognition. We are not misled by capital into mistaking the fiction of the performative enactment of the social contract for a historical or conceptual fact. Rather, we are invited to misrecognize our reflexive acknowledgment of this fiction as proof of our collective agency: "we" are the ones who "get it," the ones who *choose* to project this fictional account as a means of positing our collective agency, of producing this "we." What is dissimulated in the process of speculation is precisely the origin of this projection. "We" do not come into existence as a totality by performing the reflexive projection of the social imaginary; instead, the speculative logic of finance capital projects as its own alibi the spectral "we" with which we come to identify.

"The market," then, is always reading itself in Greenspan's discourse; it is not surprising that Greenspan is the only figure other than the president whose speeches are routinely reprinted verbatim in "the newspaper of record," the *New York Times*, permitting close textual analysis by investors and analysts. Speculating about/upon the intentional structure of Greenspan's utterances is one of the key modes of stock market activity. Indeed, the "fundamental" economic data continuously processed by the market are read in light of their potential effects on

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and seller of a commodity, let us say of labour-power, are determined only by their own free will. They contract as free persons, who are equal before the law. Their contract is the final result in which their joint will finds a common legal expression. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to his own advantage. The only force bringing them together, and putting them into relation with each other, is the selfishness, the gain and the private interest of each. Each pays heed to himself only, and no one worries about the others. And precisely for that reason, either in accordance with the pre-established harmony of things, or under the auspices of an omnipresent providence, they all work together to their mutual advantage, for the common weal, and in the common interest.

[T]his sphere of simple circulation or the exchange of commodities . . . provides the "free-trader *vulgaris*" with his views, his concepts and the standard by which he judges the society of capital and wage-labour.

Fed intentionality; in other words, such "fundamental" data function as an alibi for speculation about the Fed—not its actions, which are always already irrelevant by the time they take effect, but the intentional stance imputed to it, a stance that is itself a function of its reading practices, also themselves speculative. In a complex system of circular self-reference, the market reappropriates as "value" the structural deferral that is its condition of possibility, in the process condensing, displacing, and externalizing this deferral to produce an iconic discourse that its participants can read as an objective index of a seemingly independent totality. This procedure allows reflexivity to masquerade as analysis of "fundamentals," but the analytic discourse always bears the trace of the conditions of its own production, a trace that haunts speculative value-production by subjecting itself to the hint.

Speculative dis/simulation constitutive of iconomics is a central feature of the postmodern communicative scene in general. Consider, as further illustration, a typical practice of introducing potentially controversial legislation. The president or legislator "floats" the idea to the media before introducing it in the form of a congressional bill. This exposes it, or rather its image, to whatever reaction there may be, thus predetermining what the "actual" reaction to the "actual" bill would be. This is a form of political speculation that simulates political risk for the purpose of eliminating it from the "real" process of legislation. Of course, this dissimulating simulation in fact determines the "actual" outcome: if the reaction is negative, the idea is either pulled or altered before being "presented" for "deliberation." The same principle is at work in electoral polls and focus groups, although there the stakes are not always directly connected to policy. Speculation, then, is a nearly ubiquitous regulative practice of public discourse, although its most salient features are cast in sharper relief in the case of a transparently speculative system like the stock market.

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