

## Spectacle Economy

### Nasdaq, Speculative Corrections and Investing in the Fake

In a span of five years, the Finnish company Nokia has become the most valuable European company, if one considers the market value of its stocks. Nokia has gone from being a small Finnish producer of mobile telephones, to a company whose greatest potential lies in making money through its stocks. Nokia is indeed making money, but not more money than many other companies. However Nokia's shareholders believe in the company's potential to expand its market, not only by selling more phones, but also through other types of products and services.

Limited liability has always been one of the excitements in capitalism, and has brought us recessions and upturns, broken the curve, ruined people's lives, and even allows 20 year old investors to acquire large companies through profits made from investments accumulated through short time via high risk investments in the various NASDAQ listings around the globe.<sup>2</sup> It is now possible to accumulate fortunes at a never before seen pace, that is if one is skilled enough in the play of one's stock portfolio. Speculation and overrating caused the Wall Street collapse in 1929, and necessitated severe corrections once again during the oil crisis and in the 1987 recession. Limited liability has been one of the players that has ruled industrial capitalism, and made it exciting to play the stock market for those who had money to play with.

From the mid-90's and especially throughout the last two years the situation has undergone drastic change. The stock market structure is no longer hooked up on limited liability, but linked to no liability at all. Investors have started to trust unreliable ideas, merely for the sake of an accumulation of investor profits. The reason for this change is the digital and biological revolution that has changed the thinking, mentality and lifestyle of everybody in the western hemisphere, and has generated the greatest change the investor's behavior since 1929. Investors' fast profits are currently made out of the blue, due to accumulations in companies not making any profits at all. Small or mid-sized internet, communication, computer and bio-tech companies, for the most part with a negative income, no income at all, or a marginal profit. Wall Street is once more facing a mere speculative project, making for an enormous flow of capital to these "small" companies with one or two good ideas, where the speculation is based upon these potential ideas. But almost all of them still have to prove that they actually can turn out a profit, or at least make their ideas work in reality. None of the internet companies have ever made any surplus, but several such as Yahoo, Amazon and AOL are rated as some of the most valuable and profitable stocks on the current stock market. These companies have such an influx of capital from the sales of their stocks that they even can acquire other companies, as recently was the case with the AOL take over of the media concern Time Warner, though it was called a merger. These companies are listed in the NASDAQ composite, which rates the stocks for hi-tech companies.

During the 80's money was made buying shares in companies that represented an actual product or service; such as Boeing producing aircraft's, Coca-Cola producing drinks and lifestyle, IBM producing services and computers, Exxon drilling, refining and distributing oil, or Deutsche

Bank providing financial products and so on. These companies are the blue chips listed in the Dow Jones industrial index. It was the time of the multinational corporations relying primarily on industrial products.<sup>2</sup>

Now there is, in many cases, only a virtual product or service. These virtual products are driving the present wild card “casino capitalism”, and are the major force behind the current upturn in American and Western economy. Money thrown into virtual ideas with no actual exchange as normally has been the case with investments. Money given as “grants or benefits” to people with ideas for the internet, biotechnology, networks, semiconductors, robots and other hi-tech performance potentials. These investments, however, are not handed out due to a sincere interest in developing these technologies and ideas, but because the investment can be exchanged or sold, after six months’ time, normally at a significant profit. It is done with a touch of fascination with a science fiction society, but money comes before fiction. The actual stock trade accumulation and transaction pulse is another phenomenon that reinforces the economy. Since the base of any economic system is exchange, the more exchange, the more developed and accelerated the economy becomes. Nevertheless, it also functions as a booster for the hi-tech business, and creates an influx of money into the development of more or less successful devices and services in the field of advanced technology.

1987

New York Stock Exchange (NYSE) Wednesday at 4 PM on the 16th of February 2000, another record high day at the ant farm. A broker walks across the floor from one booth to an other, with a disposable paper cup containing coffee with cream in one hand, and some paper notes in the other, all the while speaking on his hands free cell-phone, with a customer somewhere, or maybe his wife. He probably enjoys the excitement displayed on the LCD screens hanging above each exchange stand. There is more data and communication power here than any other place except NASA. I am observing the broker from NYSE visitor’s deck, through bulletproof smoked glass.

Each year the Silicon Alley Reporter publishes a top 100 list of new American media and hi-tech businesses. This paper shows possible targets for investors, by rating the most “profitable” and innovative people within the new industry. This is one of the sources for brokers, banks and investors that are ready to play the high risk market.

This present interval is dominated by the introduction of new technologies, rather than new ideological thoughts and new political ideas. It is an interval represented by media, networks, small and large circuits, digital and biological modifications. What strikes the societies now is the acclimatization, superficiality, and mobilization, pace and aggressive changes dictated by The new technologies. It is an adaptation that causes apathy and indifference in the fields that have normally dominated and dictated the changes. Phenomena’s such as politics, reflection and contemplation are not powerful tools for regulation and intervention in the new economy and in the new technology. Since the introduction of the personal computer in the early 80’s, more than half of the western workforce is now seated everyday in front of a data screen, as their contribution to productivity and progress. It is a development that probably has taken everybody by surprise, where now most of the workforce, and furthermore most people in their private sphere, are concerned with getting their internet connection to work, learning new software,

playing games, executing home banking and spending their assets on e-shopping, etc. The personal computer combined with the mobile telephone has and will increasingly change our daily life. These devices increase mobility, globalization, but also alienation and isolation, despite the growth in transmitted data and exchange of knowledge, weather reports and pornography. The effect on human beings is interesting, the digital cultivates a will to adaptation and conformism, since the technology requires such an effort, if one wants to participate, causing exclusion of many other questions, possibilities and problems in life and society. It seems as if the digital revolution has absorbed the focus on in other questions, such as politics, history and human relations. Digital congestion. The only thing that the new economy has not assimilated is the interest for capital. No wonder all the economic acceleration is linked to the digital change.

Presently we are facing a period where economics seems to even have out competed other theoretical and political disciplines. Thinkers, who are now relevant and referred to in the power structures, are either working within this field or in the area of economics merged with new technology and globalization. We see an intense interest whenever Steve Jobs from Apple, Bill Gates from Microsoft or the inventor behind the Linux system, Linus B. Torvalds, appears in the media. As the digital is the heart of the new economy, these are the people to understand and refer to, especially while dealing with business, power and politics.

Adam Smith was right on one count with regard to the current economy, we are facing a universal “laissez faire” politics. Few governments have interfered or restricted the digital and biotech based industries. No government is opposed to the profits made via services or devices, or profits made on the global and local stock market through investments in the field of hi-tech. Furthermore every country and city wants to attract the new economy and the new technology, and provide the best infrastructure to support such. Cities try to provide as much entertainment and amusement as possible for the well educated employed within the hi-tech industries, to distract them during their steadily growing leisure time. Everybody Wants to please and satisfy the NASDAQ companies.

Institutional investors are another major player on the NYSE and other secondary stock exchanges. The institutional investors’ capital originates from trustfunds, insurance companies, investor groups and many other forms of mutual funds. Individuals, families and groups hooked up on trust funds are spinning gold from this new economy. It is new money, but most of it is accumulated via old money, dating back from inheritances and fortunes saved in real estate and traditional blue chip shares. These funds and institutional investors are the groups that absorb the benefits and they will remain financially superior, due to their knowledge and professionalism that will protect them before eventual large corrections in the stock market.

Real estate is the backbone of NASDAQ economy, and has also been the insurance behind the blue chip economy. When the market fails or is undergoing corrections, the money flows back into real estate. Real estate investors hold their property for longer periods, generally resulting in a slowdown of the economy, since real estate does not generate the same exchange and circulation rates as stocks.

Fake Estate represents a visionary, but imaginary attack on this backbone. When Artist Gordon Matta-Clark bought up slivers of land in New York, slivers in-between “real parcels”, these were

small awkward parcels, leftovers from the architects' or city planners' drawing boards. These parcels went on auction as a result of the former owner's failure to pay their taxes. These Fake Estates were acquired by the artist for 35 \$ per parcel, and converted into artworks. (3)

Real fake investment could be acquired for 35,000 \$. Artist Tom Friedman showed his piece "1000 Hours of Staring", for the first time in 1997. The piece consists of a blank piece of paper that the artist had been staring at for 1000 hours, between 1992-97. He made up a wage of 35 \$ per hour, in total 35,000 \$, which the piece was sold for.

Giving it all away for free, such as when Rirkrit Tiravanija hands out soup to the audience, is another important new economy principle. It is the same generosity that the company Netscape was into when they launched their browser "Netscape 1" for the internet, and made the internet a platform for free exchange. Investors from the "market economy" saw the interest in passing on services and products for free. As a consequence both Rirkrit Tiravanija and Netscape have become rather wealthy, and thus rewarded for generosity.

2/1/2000 Market closed? NASDAQ - 100 3701.78 : +3.69 % : AMEX 873.00 12.83 : +1.49 %

The exchange that economy is based upon share similarities with what is going on in a work of art, an exchange of ideas, from the producer of the idea to the perceiver of the idea. And so it is for the companies presently dominating the NASDAQ composite - they do not represent a product or a profit as such, but an idea or a service that might be profitable in the future. Art has always been extremely affected by the economy in the society where it is produced traded. Currently art is affected by various economic upturns around the globe, and this micro- or one could say medium-economy which the art world represents, is injected with capital from companies, funds, governments and individuals as never before, more exchange of artworks than ever, more artists, more dealers and more institutions. The current art market and general artistic practice is analogue with current spectacle economics.

As an investor in art one is investing in a hypothetical and metaphorical value, the actual canvas or sculpture does not represent a significant material value in itself. Nor is the outcome of the investment assured in any sense. Fashion and importance of an art investment may change, but in general the investment will accumulate money if the investment is made in a somehow established artist. Most contemporary artists are agreeing on the economic system, becoming slaves to the ultra capitalistic system, controlled by the gallery System and the rules of profit surplus invested in luxury. Similar are newcomers to the digital business funded by the capital overflow made from banking, real estate and blue chip, One could name it as the bourgeoisie of capitalism, the old money. There seems to be no alternative for anyone involved in the art sector or in the new economy. Everybody in these sectors depends on the raw capitalism, whether they will or will not. Not that the art produces that much of an income in itself, the only way to have a real profitable income as an artist is to start to invest, raw capitalism is what is generating wealth. Many older established artists and dealers are making their money that way. Not exclusively from artistic practice<sup>4</sup>

Nobody can seriously propose a Marx inspired economy as an alternative to the present market economy. Therefore it is also difficult to see Marxism as a relevant instrument for a critical view, nor base any model of analysis on that despite its key role as a major vision of 20th

century intellectuals and politicians. It has broken down as an economic method. Not only is Marxism irrelevant as an economic model, most other capitalistic derived economic models are no longer relevant for the NASDAQ economy. The European community governments are all busy giving up all of the Marxist and Keynesian features that were significant for European economics of the last century. The global economy requires that change, as well as in the industry, the stock markets and currencies. The NASDAQ economy and the development has eliminated the belief in models other than the market economy.

Green Economy, understood, as development not based upon the Adam Smith's growth principle, has been launched as another alternative, often with micro-economics, as the potential for progress without expanding consumption and accumulation of objects and services. This movement is actually grounded in 19th century ideas about co-ops and other self-organized structures. These "non growth" economies have been widely applied in European agriculture, various housing projects and in a small scale within the industry. This has also been applied in the art sector, known as self-organization and non-profit structures. However most tendencies in that direction have become evermore marginalized and today are completely unacceptable to the NASDAQ spectacle economy, because of the rejection of the idea of profits as a goal in itself. Micro-economies have also been a part of these ideas concerning green Economy, but these will never be a serious player in the market economy. They are not geared for the first principle concerning distribution and circulation. Therefore, they will never gain any substantial political or economic power. No distribution, no profit. We are watching the death of the alternative. It is not possible to be part of the world economy unless one obeys the chaotic rules of the new economy.

The NASDAQ composite economy even seems to overrule all other traditional stock exchange ratings, and the optimism related to the last year's economic growth that is primarily related to stocks within this field. This economy is, in many ways, not included in the existing economic models, and the NASDAQ capital is in many ways a wild anarchistic structure without traditional logic for how a stock market is composed.

It is neither possible to escape nor be unaffected by the spectacular NASDAQ economy, whether one wants it or not. It is the determining factor for politics, intellectual practice, love, everyday life, and the distribution of wealth. The difference from blue chips, savings bonds and real estate is that it is an economy that is similar in structure to the internet, and as such full of slits, slivers and holes open to interference and disturbance. It is a fragile phenomenon, but so far insisting on its limited liability, and semi-anarchistic chaos. It is open for intervention and spectacles.

Are we winning? The brokers are winning, the banks are winning, and probably most investors are winning, and as long as they are winning almost everybody else will be winning too, since the players are the key to the global game of growth and speculation. The United States of America is the world leader in politics, culture, economics, consumption, distribution and generating profits. The world leader's heart is Wall Street, inside NYSE the world is monitored, controlled, transformed. NYSE is the machine for the New World. Combined with the NASDAQ is the dream weaver of man's drive towards prosperity and growth of capital. The most profitable and fashion oriented economic miracle spectacle, so far.

1 Quote from an e-mail from Jonas Maria Schul.

2 Brian Holmes: TNCS Networkers, Transnational Corporations-Democratic Governance.

3 "When I bought these parcels at the New York City Auction, the description of them that always excited me the most was inaccessible...What

I basically wanted to do was designate spaces that wouldn't be seen and certainly not occupied. Buying them was my own take on the strangeness of existing property demarcation lines. Property is so all pervasive. Everyone's notion of ownership is determined by the use factor."

Gordon

Matta-Clark

4 Source; Kirstine Roeppstorff investigation on NYC artists economy.

#### Sources

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