

Economics from the Top Down

New ideas in economics and the social sciences

May 3, 2021 May 3, 2021 Blair Fix

Jesús Suaste Cherizola Wins the 2021 CASP Essay Prize

As some of you may know, I recently became the editor of the *Review of Capital as Power* (<https://capitalaspower.com/recasp/>). (RECASP), a journal that publishes research on the power underpinnings of capitalism. Each year, RECASP hosts an essay competition (<https://capitalaspower.com/recasp/annual-essay-prize/>). I'm proud to announce that the winner of this year's prize is Jesús Suaste Cherizola.¹ His prize-winning paper is called From Commodities to Assets: Capital as Power and the Ontology of Finance (<https://capitalaspower.com/2021/05/cherizola-from-commodities-to-assets/>).

Neglecting assets

In his essay, Suaste Cherizola explores a puzzle in political economy — the neglect of *assets*. Why, he asks, do most radical political economists focus on commodities, when capitalists themselves care about assets? The answer, Suaste Cherizola proposes, owes to a bad decision made by Karl Marx. In formulating his theory of capitalism, Marx insisted that capitalism's 'laws of motion' must be grounded in *production*. The way to do this, Marx decided, was to focus on commodities — the things that workers produce and capitalists sell.

Marx's obsession with commodities caused some embarrassing problems. It led him, for instance, to dismiss the stock market as 'fictitious capital'. (He saw stocks as a kind of 'false' commodity — something that had a price but was not backed up by 'real' production). In hindsight, this decision was dubious. Fictions aren't supposed to impact the real world (<https://economicsfromthetopdown.com/2020/10/05/how-the-history-of-class-struggle-is-written-on-the-stock-market/>). And yet the motion of the stock market (<https://economicsfromthetopdown.com/2020/09/04/stocks-are-up-wages-are-down-what-does-it-mean/>) dominates our lives. Something is amiss.

Suaste Cherizola thinks the solution is to turn Marxist theory on its head. Rather than ignore 'fictitious capital', he argues, we should ignore the Marxist idea of the 'commodity'. The reason is simple. Commodities are a small subset of the things that have a price. When you use this small subset to explain everything in capitalism, weird things happen. You end up invoking 'distortions' to explain all the prices you've excluded from your theory. This 'distortifying' is standard practice (http://bnarchives.yorku.ca/655/2/20200900_bn_what_do_economists_mean_economics.html), in neoclassical economics. Sadly, it's also part of Marxism — an unavoidable consequence of Marx's focus on commodities:

... once the commodity-form has become the basis of our understanding of exchanges, the other forms of economic transactions can only be considered as distortions or mystifications. ... The 'commodity' thus becomes a theoretical fetish — a concept endowed with supernatural explanatory powers.

(Jesús Suaste Cherizola, 2021)

A century ago, Marx chastised people for 'fetishizing' commodities (https://en.wikipedia.org/wiki/Commodity_fetishism) — treating commodity exchange as a relation between *things* rather than a relation between *people*. But perhaps the true 'fetishism of the commodity', Suaste Cherizola proposes, is how Marxists have reified the commodity itself. The commodity's true 'secret', Suaste Cherizola argues, may be that it has *nothing to reveal*.

The power of assets

To fix Marx's mistake, Suaste Cherizola argues that we need to forget about commodities and instead study *assets*. The reason isn't rocket science. All day and every day, capitalists broadcast their single-minded desire: they want their 'assets' to become more valuable. Suaste Cherizola thinks we should take this desire at face value.

What we should *not* take at face value, however, is the official claim about the 'stuff' of which assets are made. The standard explanation is that assets have value because they are 'productive'. Don't fall for this bullshit. Instead, pay attention to how capitalists behave when they are fighting. In court, it becomes clear that 'assets' have nothing to do with productivity. Assets, Suaste Cherizola observes, are just a bundle of *rights*.

An asset consists of language that says: "*The owner of this asset is entitled to ...*" Since assets are just linguistic bundles, they are easy to create. Look, I just made one:

Blair Fix is entitled to command Amazon and to appropriate its profits.

Unfortunately, having created this 'asset', I find that it is *worthless*. The reason is simple. Assets have value, Suaste Cherizola notes, only if you can make good on the rights they entitle. It's here that my 'asset' has a problem. Having proclaimed my rights, I find that I cannot enforce them. No matter how loudly I shout, no one lets me take Amazon's profits. Hence nobody wants to buy my 'asset'.

And yet look at Jeff Bezos. He has an 'asset' that says (at least conceptually) the same thing as my 'asset':

Jeff Bezos is entitled to command Amazon and to appropriate its profits.

What's different about Bezos' asset isn't the bundle of rights. It's the fact that he can make good on these rights. Unlike me, Bezos actually commands Amazon and appropriates (some of) its profits. And because he can enforce this right, Bezos is stupendously rich. In other words, people are willing to pay billions to acquire the same rights as Bezos.

We can see from this example that assets have two sides. Suaste Cherizola observes:

1. To the *owner*, an asset is a bundle of *rights*.
2. To the *non-owner*, an asset is a bundle of *orders*.

It is step 2 that is crucial for giving an asset value. Anyone can write down a bundle of rights. The difficult part is getting other people to obey the orders outlined by these rights. This is the dirty secret behind 'assets' — a secret that is made clear in every corporate lawsuit. The struggle over 'assets' is the struggle to get other people to follow your orders.

Possession vs. ownership

To understand assets, Suaste Cherizola argues that we need to distinguish between 'possession' and 'ownership'. Often we conflate the two because in daily life they seem equivalent.

As an example, take shopping for food. When you buy groceries, you are technically buying an ownership claim ... a set of orders that say to the rest of society: "do not touch my food". What you actually do with the food is irrelevant. You could let it rot on your front yard, in plain sight of a starving neighbour. That is your right as owner.

Of course, few people actually do this. That's because when you buy groceries, your goal is not ownership. Instead, you want to *possess* the food so you can eat it. So in this case, ownership is just a means to possession.

It's tempting, then, to reduce ownership to possession. After all, many of the things you own you also possess. (They sit somewhere in your house.) But this reduction, Suaste Cherizola argues, is a mistake. That's because 'possession' doesn't come with any associated rights. And that makes it ephemeral. Today you possess a Lamborghini. Tomorrow you don't, because your neighbour has 'repossessed' it. "Finders keepers!" he says.

If you simply 'possessed' the Lamborghini, you'd be out of luck. The car now belongs to your neighbour. (Unless you re-repossess it.) But if you *owned* the Lamborghini, things are different. Your ownership rights give a set of orders to everyone else: "Don't touch my Lamborghini". Moreover, your ownership rights give orders to the police: "If stolen, track down the Lamborghini and punish the thief".

It's these orders, Suaste Cherizola notes, that differentiates ownership from possession. And that's why capitalists care only for ownership.² When they buy property, they buy power.

The seduction of symbols

Jesús Suaste Cherizola's essay highlights the importance of financial symbols. The fact that these symbols are not commodities grounded in 'production' leads Marxists to dismiss them as 'fictitious capital'. The reality, however, is that these symbols outline and quantify our social order. But don't take my word for it. Read Suaste Cherizola's [prize-winning essay](https://capitalaspower.com/2021/05/cherizola-from-commodities-to-assets/) (<https://capitalaspower.com/2021/05/cherizola-from-commodities-to-assets/>) for insight into the power behind assets. And if you have time, Suaste Cherizola's essay pairs well with [Ulf Martin's study](http://bnarchives.yorku.ca/606/) (<http://bnarchives.yorku.ca/606/>) of the power of financial symbols. (Martin's paper won the 2019 RECASP essay prize.)

Have a comment or a question about Suaste Cherizola's essay? Join the discussion on the [Capital as Power Forum](https://capitalaspower.com/casp-forum/topic/cherizolas-from-commodities-to-assets-the-2021-recasp-essay-prize/) (<https://capitalaspower.com/casp-forum/topic/cherizolas-from-commodities-to-assets-the-2021-recasp-essay-prize/>). And if your ideas warrant a paper, [submit](https://capitalaspower.com/recasp/guidelines/) (<https://capitalaspower.com/recasp/guidelines/>) them to RECASP. Perhaps next year you will win the RECASP essay prize.

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Notes

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1. Jesús Suaste Cherizola studies at Universidad Autónoma de Puebla. In 2018, he translated *Capital as Power* (<http://bnarchives.yorku.ca/259/>) into Spanish (*El capital como poder* (<http://bnarchives.yorku.ca/541/>)). More recently he translated Di Muzio and Robbins's book *Debt as Power* (<http://bnarchives.yorku.ca/509/>) into Spanish (*Capitalismo de deuda* (<http://bnarchives.yorku.ca/659/>)). Follow Jesús on Twitter [@suaste86 \(https://twitter.com/suaste86\)](https://twitter.com/suaste86).



2. Often, capitalists have never seen the things they own, which makes clear that they care not for possession. Here are Jonathan Nitzan and Shimshon Bichler commenting on this fact:

In the summer of 1928, the world's largest oil companies signed the secret Red Line Agreement, parcelling the Middle East between them for years to come. To celebrate the occasion, the architect of the deal, Calouste Gulbenkian, or 'Mr Five Percent' as he was otherwise known, chartered a boat to cruise the Mediterranean with his daughter Rita:

Off the coast of Morocco, he caught sight of a type of ship he had never seen before. It looked very strange to him, with its funnel jutting up at the extreme stern of the long hull. He asked what it was. An oil tanker, Rita told him. He was fifty-nine years old, he had just made one of the greatest oil deals of the century, he was the Talleyrand of oil, and he had never before seen an oil tanker. (Yergin 1991: 206)

(Nitzan and Bichler, 2009 (<http://bnarchives.yorku.ca/259/>))



Further reading

Martin, U. (2019). The autocatalytic sprawl of pseudorational mastery. *Review of Capital as Power*, 1(4), 1–30.

Suaste Cherizola, J. (2021). From commodities to assets: Capital as power and the ontology of finance. *Review of Capital as Power*, 2(1), 1–29.

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