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Fiat Money as an Empty Signifier: An Investigation on the Resemblance between Money in MMT and Structuralism

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Introduction

In his documentary *The Pervert's Guide to Ideology*, Slovenian philosopher and Lacanian psychoanalyst Slavoj Žižek explores the ideological mechanisms in society through which capitalism shapes our beliefs, directs our actions, and thus controls our daily lives. The protagonist obtains a pair of glasses, through which he sees the ideology hidden behind things. He looks at a publicity board and sees only the word "OBEY." He looks at some pedestrians and sees only the faces of aliens. He looks at the paper money that a retailer is holding and sees only: "THIS IS YOUR GOD." In the era of financial capitalism, money has become so powerful that it has assumed a godlike stature. This scene in the film is especially powerful because it exposes two key mutations in the status of money under late capitalism: 1) money as the object of cultic fetishization, and 2) money is an authority with the power to control everyone's life.

There are many assumptions and debates about the mechanism of money. Marx claims that money develops as a function of the exchange of commodities (1972, 173). Another prevailing view has been that money cannot be created *ex nihilo* but emerges historically in systems of barter as a facilitating abstract medium of exchange. From this perspective, it is only once money has been deposited in a bank that the government can lend it out to circulate in the economy (Sgambati 2016). The Neoclassical economists concur with this idea of deposit before lending, but additionally claim that banks can lend out the deposit with the percentage of reserve requirement according to the money multiplier (Ryan-Collins et al., 2012). Disagreeing with this orthodoxy, George Knapp (1924) supports the theory of chartalism (the state theory of money), arguing that money is a creation of the state, usually backed by commodities like gold, for the payment of government taxes and the purchase of goods. However, this perspective places the creation of money outside of banks, where banks serve only as intermediaries for existing money. While mainstream economists assert that money creation is a top-down process coming from the centralized policy decision of the government, heterodox economists, which include MMT economists and many post-Keynesian economists, argue that the creation of money is a bottom-up process, from the individuals' demand for loans to the lending of loans by banks.

Historically, Michel Foucault (2015) places the earliest institution of money in ancient Greece, with the development of the Lydian economy (619 to 560 BC), and understands the institutionalization of money to function as an exercise of governmental power. "The appearance of money is linked to the constitution of a new type of power whose *raison d'être* is to intervene in the regime of property, in the interplay of debts and settlements" (139). Under the control of the state, there is always a connotation of power behind money. In addition, Foucault argues that money in ancient Greek society functioned to achieve justice. "The monetary institution is not linked to the value of things in their truth, but to *dikaion,* to the justice that must reign in the city and prevent it from perishing" (144). This *dikaion* (justice) is synonymous with the equilibrium of not only the market in which supply and demand crosspaths, but also the economy of the state, which prevents the occurrence of (hyper)inflation. Money extends its economic power from within the market economy to the arena of fiscal regulation by the government. Foucault distinguishes four principal functions of money: "[it] maintains order, justice [...] —it allows one to establish the truth of what one owes, of what it is worth.[...];—it involves the State institution: tax, levy, accumulation, fixing value, distribution; —it made possible the preservation of class power" (143). Money, as a mechanism of power, preserves the order of the market as a standard payment and a unit of account. It establishes an equal relationship between the creditor and the debtor. It holds the political power for the government to legislate and create money. However, These characteristics that he finds in Lydian money are also present in modern times. For example, taxation is a fiscal policy that modern governments use and this demonstrates that money functions not as an end but as a means for the economy.

A teleological analysis of money in terms of differentiation between means and ends can be traced back to Aristotle and the conceptual distinction he draws between "economics" (*oikonomia*) and "chrematistics" (*chrematistike*) in matters of wealth acquisition.

> The source of the confusion is the near connection between the two kinds of wealth-getting; in either, the instrument is the same, although the use is different, and so they pass into one another; for each is a use of the same property, but with a difference: accumulation is the end in the one case, but there is a further end in the other. Hence some persons are led to believe that getting wealth is the object of household management, and the whole idea of their lives is that they ought to increase their money without limit. (2007, I, 9, 1257b, 31-1258a, 5)

As had Xenophon before him, Aristotle conceives of o*ikonomia* as the art of "estate management," the governing, or management (*nomos*) of the domestic household (*oikos*)–the basic unit of the Athenian economy–through ethical norms of conduct. O*ikonomia* approaches the acquisition of wealth not as an end in itself, but merely as the means to higher ends, such as happiness (*eudaimonia*), "the good life," or the well-being of society. *Chrematistike*, by contrast, pursues wealth acquisition for its own sake, as an end in and of itself. *Chrematistike* inverts the proper relationship between means and ends that defines "economics" as a field of knowledge and practice. While Aristotle's purpose in drawing this distinction is also ethical–to condone *oikonomia* and to condemn *chrematistike*, his analysis offers two perspectives on the function of money: money as a means for attaining some higher purpose, for example, the regulation and control of the economy as a whole; or the unbridled accumulation of money as an end in itself.

Whatever its origin, since its earliest invention the status of money has changed in significant ways. In the modern period, money has evolved from the gold standard to fiat money. The gold standard is an economic regime rooted in the convertibility of fiat currency into gold. The gold standard can be characterized in terms of *Chrematistike* because it demonstrates the government's inability to stabilize the currency through the value of gold. The ends for the government in the gold standard era was only the (re)storation of value of the gold standard currency, by means of regulating gold in reserves. The Bretton Woods System was built on the gold standard; it required that international currency be exchangeable with the US dollar at a fixed rate of exchange, while the dollar, in turn, was pegged to gold. Even though the purpose of Bretton Woods was to encourage free international trade, and the fixed exchange rate appeared to stabilize foreign currency exchange, the Bretton Woods System eventually collapsed due to the inflation of the dollar and deficits in gold reserves.

However, the imbalance between gold and the dollar led to the fall of the Bretton Woods System in the 1970s, which brought an end to the gold standard. What followed was the fiat money system that is still in use today. The fiat money system revolves around currency issued by the government and is not backed by gold or anything else. However, this does not mean that fiat money has an intrinsic value; it is only recognized as currency, as an acceptable payment for any monetary debt. The fiat money system may be characterized in terms of *Oikonomia*, because the government can control the economy for the purpose of greater output and stabilization by means of fiscal and monetary policy regarding the value of its currency.

Through the development of money, from the gold standard to fiat money, a few scholars have compared the mechanism of money to linguistics, analyzing money under the lens of semiology. Bankov (2022), for example, offers a categorization of money using semiotic terms: fiat money, representative money, and commodity money. Haoyun (2019) argues that the accounting system is a branch of semiology and can thus be analyzed within the conceptual framework provided by structuralist linguistics However, economists who have scholarship ventured such semiological approaches have, to my knowledge, not undertaken a structuralist analysis of fiat money and money creation as articulated in Modern Monetary Theory (MMT). This paper explores the resemblance of money in MMT and post-Keynesian economic theory with structuralist theories. Money creation in MMT is operative on the balance sheet, equivalent to the operation of signifiers. Fiat money functions equivalently as the phallus, the master signifier, because it not only is legislated by the law of the government, as a unit of account for exchange, but also represents and regulates the desire of the users of money, similar to the association of phallus to desire of the subject.

Chapter I entails an introduction to MMT, the characteristics of credit money in MMT, and the relationship between money and government. One of the macroeconomic policies that MMT advances is the creation of money, which operates on a balance sheet. The creation of money is applicable only in a sovereign nation, that is, the nation capable of printing its own currency, through the fiscal policy of the government, with government spending exceeding taxation, creating a government deficit. However, besides fiscal policy, the government can also implement monetary policies, controlling the interest rates of bonds, to regulate investment. Fiscal and monetary policies work together for the government to stimulate the economy to its potential output while preventing it from falling into crisis. Moreover, the credit money in MMT is also related to the taxonomy of money, which is reflected in the money pyramid. Because fiat money is only the currency that is legislated by law, and not pegged by any commodities for its value, it works as a promise with the value of a debt. The money pyramid expresses the topography of the credibility of money (or debt): the money issued by the government has the highest credibility, then, comes the loan from the bank, and at the end, the debt from nonbank institutions.

Chapter II gives an account of the structuralist theories that are relevant to understanding MMT, by first establishing a homological relationship between, on the one hand, the constituent elements that form the linguistic sign, signifier and signified, and on the other, the elements that make up the commodity form, use value and exchange value. In the dual structure of the linguistic sign, the signifier expresses the concept, and the signified expresses its meaning. In the dual structure of the commodity form, exchange-value corresponds to a fixed quantum of purely quantitative labor power, while use-value consists of a qualitatively specific form of concrete labor. Baudrillard revisits this homology in the age of consumer society, combining both semiology and political economy, and comes up with similar concepts: symbolic exchange and sign exchange value. While exchange value expresses the clear exchange relation between commodities, eclipsing the use value, sign exchange value is only ambiguous and the symbolic exchange is only psychological. Consumers reduce commodities to signs and assign them with sign value for exchange, leaving aside use value and utility. Baudrillard advances the unit of symbolic exchange to the transition from simulation to simulacrum. While simulation is equivalent to the symbolic exchange, simulacrum is similar to an empty signifier, a signifier without signified. Lacan elaborates on the empty signifier and comes up with the essential concept for his theory: the master signifier, an empty signifier at the center of a signifying chain, with its pivotal function of anchoring this chain. However, Lacan also refers to the master signifier as the phallus, which expresses the desire of the subject, through the symbolic castration by the Law from the father against incest. Irigaray after studying with Lacan, criticizes him for his androcentrism and coins the term "phallocentrism," which implies the submission of women to men's power through the exchange of women as commodities by men. The theories of these philosophers constitute a dialogue for the development of structuralism, which is helpful in understanding the money theory of MMT.

Chapter III establishes a synthesis of credit money of MMT and structuralist theories, providing a structuralist understanding of money in MMT. Building on the existing literature by Hayoun, through the comparison of accounting systems with Saussure's semiology, section 1 provides a reading of the accounting system, which MMT relies on for the creation of money on balance sheets. Jean-Joseph Goux, a Lacanian philosopher, establishes a homology between the Lacanian phallus and the gold standard, for they are both symbolically legislated by the Law of the Other (the former from the Law of the Father, the latter from the government). Section 2 modifies Goux's argument for a homology between the phallus and the fiat money, rebutting Goux's criticism of the credibility of fiat money. Section 3 provides an understanding of the symbolic effects on money through monetary and fiscal policies. The governmental policies function only to stabilize the economy for productivity and equality, which have psychological effects on the reevaluation of usages of money, and in turn, affect the symbolic value of money. Section 4 depicts the correlation and homology between desire and economy. Each entry on the balance sheet is an expression of the force of desire, which also regulates other forces of desire.

MMT coincides with some structuralist theories in the sense that they both emphasize the sign and its value generated from relations, as opposed to the object, which the sign represents. Marxist value theory implies that the relational value does not exist in linguistics but also in the political economy, for the applicability of structuralist understanding in the economy. In *The Order of the Things*, Foucault, a fundamental structuralist philosopher, launches the challenge on the understanding of knowledge and discourse, revealing the shift of discourse from reality to language in modern times. Semiology focuses on the relational value constituted through exchange and difference. Irigaray advances structuralism with the idea that woman is the negative reflection of the value of man. The creation of money is also built on the relation between financial assets and liabilities, the latter as negative reflections of the former. Baudrillard's theory of simulacrum provides an insight into the value of fiat money that all signifiers are empty signifiers. However, Lacan and Deleuze argue against this position that only the master signifier is the empty signifier, and claim that structuralism builds itself ontologically through the decentralization of the subject, which seems to oppose the role of the government in MMT: at the center of the economy. Nevertheless, if all signifiers are empty signifiers, then the referential relations of signifiers to objects vanish, and the government of MMT only fills the initial emptiness of signifiers with its credibility, which replaces the function of gold from the gold standard. Hence the center of the structure, which the government fills up with its credibility, has no significance since all fiat money is an empty signifier. I propose to amend structuralism with Baudrillard's semiology, by referring emptiness to the subject of fiat money. Even though this is a heterodoxical approach to structuralism, it reflects the situation of fiat money in financial capitalism. The failure of the 1968 uprising in France corresponding to the departure of many structuralists from Marxism implies the death of Marx and the disappearance of labour which holds the decentralized structure of the political economy, and consequently, the spontaneous and decentered emergence of meaning does not exist, either. The government's position in MMT does not contradict the structuralist tradition but supplements the latter with the emptiness of reference and signifieds. In order to explore the central position of the government in the economy, it is important to understand the money theories that MMT proposes.

Chapter 1: Money in Modern Monetary Theory

1. Introduction

Modern monetary theory (hereafter MMT) MMT views the nature of money with particular characteristics primarily related to government activity. According to Chohan (2020, 5), MMT scholars tend to extend its discourse to four directions: (1) a theory of money, (2) a discussion of monetary operations, (3) a discussion of the mechanics behind national income accounting, (4) certain public policy or political programs. MMT originates from two sets of articles. One is from Innes (1913), who explains the neo-chartalist position about the creation of money: money is a legal tender created and accepted by the state for taxes. Another is from Lerner (1943) who set the foundation for the government regulation of money through fiscal policies. As demonstrated by Randall Wray (2011) that “there is no ‘natural’ separation of a government from its money” (160), money money comes into existence through the spending of the government which satisfies the taxation obligation of the people. MMT thinks that taxation drives the circulation of the currency. Spending creates money and taxation destroys money. Because of the inseparability of money and government, MMT also advocates for the manipulation of fiscal and monetary policies to regulate the economy. The fiscal way of governmentality shows the governmental ability to intervene in taxes or control governmental expenditures to influence the economy. The more government spending on goods and services, the more output will be produced, if below full capacity. However, if the government wants to restrain the economy as it surpasses its potential ability to produce, it can increase taxation, so that workers and investors will have less money to spend in the economy. MMT also criticizes the conventional economic belief that taxation is the deposit for banks to issue loans. However, MMT along with other Keynesian schools argues for the reverse causality: loans create deposits. Last but not least, another direction is full employment. Minsky provides a solution approaching full employment through MMT, the employers of last resort (ELR) program, in which the government would guarantee those who are unemployed with a perfectly elastic supply of jobs at a basic program wage.

The 2008 financial crisis brought MMT to the eyes of the mainstream. The 2008 resulted from the collapse of Mortgage-backed securities (MBS) tied to real estate, due to mortgage brokers selling riskier mortgages to less creditworthy borrowers, and led to the decline in the value of mortgages and financial assets. However, in order to retrieve the economy, the Fed used quantitative easing (QE), buying government bonds to inject the liquidated form of money into the banks as reserves. The government also took off the books of private financial institutions toxic assets that cannot be sold on the market for liquidated forms of money. Thus the 2008 financial crisis made economists reflect on the role of the government in regulating the economy: using fiscal policies, including government spending, and monetary policies, such as quantitative easing.

However, this paper only focuses on the theory of money and the mechanism in accounting, drawing from what Randall Wray writes in his book Modern Monetary Theory. MMT adopts the credit and state theory of money stating that all state money is credit money. The creation of Money as credit originates from the account of debt. In accounting, credit is associated with assets, debit is associated with liabilities. Hence the transaction of money can also be recognized as one's liability or asset. Duircy (2023) provides an ontological understanding of money in MMT with features of both taxonomic definition and thick concept; in other words, money is categorized and hierarchized with descriptive content. The categorization and hierarchization of money are reflected in the money pyramid. The following sections describe the characteristics and operations of credit money in MMT.

Keynes depicts the development of fiat money as state money from chartalism: “[T]he age of chartalist or State money was reached when the State claimed the right to declare what thing should answer as money to the current money of account—when it claimed the right not only to enforce the dictionary but also to write the dictionary” (4). The edition of the dictionary by the state through money reflects the symbolic aspect of money. For Keynes the symbolic aspect of money lies in the legislation of money and the creation of money. However, to examine further the symbolic perspective of money, one should first understand the theory of money in MMT.

MMT advances Keynes’s idea that a solvent government can create money through debt, and the money issued must be counterbalanced by the debt accordingly. This creation of money must be reflected on the balance sheet, an accounting statement that MMT uses for recording the transfer of money, as assets (money created) and liabilities (debts). There are different policies regarding the government's regulation of money in the economy, besides the creation of money. While the creation of money is an example of fiscal policy, the government can also implement monetary policy to control the interest rate of bonds, for the willingness of investment and borrowing loans. The operation of fiscal and monetary policies stabilizes the economy and increases the output to its potential. However, the credibility of debts leads to the taxonomy of money in the money pyramid, a topographical structure according to the order of credibility: the government debt as fiat currency with the highest credibility, then loans from banks, and gift cards or other forms of money from non-bank institutions with the least credibility.

2. One's Asset is Another's Liability

John Keynes advocates for the creation of state money through a debt paid by the state in the future. His economic theory shapes MMT into being, and relies heavily on the concept of stock and flow. In general terms, flow refers to any measurable quantity that runs through a party in a particular time frame, but in MMT it refers to the spending and income and amount of investment. However, stock is the measurable quantity at a specific time. Flows accumulate to stock: inflow increases the stock and outflow decreases it. Stock can refer to the value of an asset at a point in time, while flow refers to the total value of transactions during a period of time. Stock in MMT can be a quality of debt.

The economy is divided into three sectors: a domestic public sector (the government), a domestic private sector (households and firms), and a foreign sector. Each sector's economic status can be treated as an income flow (inflow) and a spending flow (outflow) reflected in a balance sheet. If the inflow is greater than the outflow, or income is greater than spending, then it results in a budget surplus for the year; otherwise, it is a budget deficit for the year. An inflow to a sector should always come from the outflow of other sectors, since no sector can increase net wealth through thin air and money is always circulating within the three sectors. Hence, if one sector has a budget surplus, at least one sector must have a budget deficit. The sum of these sectors should therefore be zero. The spending of the public sector is government spending (G), the income is taxation (T). The spending of the private sector is investment (I), the savings is the residue of total income minus consumption (S). The spending of the foreign sector is import (M), and the income is export (X). Hence, the relation between the three sectors can be identical to:

(1) $0 \equiv (G-T) + (I-S) + (X-M)$.

The model of stock and flow is not only important in the connection between different sectors of the economy but also used in a rigorous accounting framework. In accounting, it is a fundamental principle that to every asset there is a corresponding liability (holds for financial assets). The correlation between assets and liabilities already means that it involves at least two parties: an issuer and a bearer. The asset of the lender is the liability of the borrower, if one's financial asset is offset by another's liability, net financial wealth must equal to zero.

However, it is important to draw the distinction between financial assets and real assets. While real assets usually take the forms of goods and services, tangible investments with intrinsic values, which do not need to be cleared by liabilities; financial assets are intangible assets whose value derives from contractual claims: bank deposits, stocks, bonds, and loans. To explain that financial assets can only be offset by financial liabilities, Randall Wray uses the example of borrowing loans from the government to buy a car (2015, 10). If one person gets a loan from the bank to buy a car, the liability for the individual is the loan, which is also the loan for the bank. The loan can only be transactive as a deposit in the bank, which is an asset for the person and a liability for the bank. If the assets and liabilities cross each other off, what is left is the real asset of the car. Fig. 2 reflects this transaction. The balance sheets of the bank and the individual however only reflect the stock. However, in most cases, accounting record the flows, because it reflect the transaction over a period of time.

The accounting mechanism follows three fundamental bookkeeping rules: vertical double-entry bookkeeping, horizontal double-entry bookkeeping, and quadruple-entry bookkeeping. Fig. 1 shows the structure of a balance sheet. Vertical double-entry bookkeeping means that in order for the balance sheet to balance, the following equation must hold: FA+RA=FL+NW. The sum of assets should equal the sum of liabilities and net worth of one party. Vertical double-entry bookkeeping ensures the consistency of accounts for a single party. Horizontal double-entry bookkeeping represents the transaction between two parties. In the example of the individual and banks, the value of the loan is entered twice in total, once as a liability for the individual, and once an asset for the bank. Horizontal double-entry bookkeeping ensures the consistency of recording for each transaction category by counterparties. Quadruple-entry bookkeeping is the combination of both vertical- and horizontal-entry bookkeeping. It reflects not only the transaction made by one party but also at the same time by its counterpart; hence it guarantees the consistency of account for each party and its symmetry of recording of the counterpart. Fig. 2 shows the quadruple-entry bookkeeping using the previous example of a person making a loan from the bank, assuming that the value of the loan is $1 million. The car is a real asset for the person. The loan is a financial asset for the bank as well as a liability for the person. The person then deposits the loan in the bank, for the convenience of transaction. The balance sheet should be both horizontally and vertically cleared.

Fig. 1

The balance sheet

Assets	Liabilities and Net Worth
Financial Assets(FA) Real Assets(RA)	Financial Liabilities (FL) Net Worth (NW)

Note. From *Modern Monetary Theory*, by Wray, 2015, p. 31. Palgrave Macmillan.

Fig. 2

The Balance Sheet with a $1M Loan from the Bank for the Individual to Buy a Car

Bank		Individual	
Assets	Liability and Net worth	Assets	Liabilities and Net Worth
+$1M loan	+$1M deposit	+$1M Deposit	+$1M Loan
		-$1M Deposit	
		+$1M Car	

3. Sovereign Currency and Policies

Many orthodox economists argue that the government should have enough reverses collected from taxation to spend its money otherwise the government would result in a deficit and, eventually, to bankruptcy. This idea that taxation drives government spending, however, is refuted by the modern monetary theory. The government does not need to borrow currency for spending, simply because the government prints its own currency, If the government is solvent, then the government legislates the acceptance of the currency. The sovereign currency is also referred to as legal tender or fiat currency. Fiat money is different from representative money or commodity money, because the value of the latter comes from the value of another, like gold. In other words, fiat money is not backed by anything, and is not convertible into any currency for a fixed price. The gold standard currency and fiat money represent two distinct economic mechanisms regarding the government's maneuver of its currency. The gold standard appears to be a stabilizer of the economy because the value of gold will never deflate in the market, and therefore acts as an anchor to peg the value of money. However, due to the limit of gold reserves in the central bank, when people exchange the dollar for gold to prevent the deflation of their assets, the dollar soon results in deflation, because the government lacks the ability to control the money supply with limited gold in reserves. Therefore, the gold standard only restrains the government's ability to regulate, but fiat currency grants the government the ability to use both fiscal and monetary policy for the control of the economy. Moreover, the gold standard and fiat currency also have different symbolic significance, which Chapter 3 further explains.

Fiat money is the only currency circulating in a state because it is the only account of payment that the government accepts for taxes and monetary debts. Anyone with a tax obligation can only use the government's currency to eliminate their liabilities. This obligation to pay taxes means that the people already, subject to the state, are indebted to the state. To avoid taxation, however, means tax evasion. If the fiat money is backed by anything, it is the legal force of the government. The government imposes the tax obligation for the acceptance and circulation of its currency. Hence, it leads to the simple conclusion that tax drives the desire for money. Even though the government can create money out of nowhere with a stroke of a pen (or keyboard), however, this money still has a corresponding liability. Just as when the people clear their debt by paying taxes, the government when creating money also would be in debt. Money in this case means a (re)payment of debt.

If the government spends more money than it collects, it results in a budget deficit. Nevertheless, the government budget is nondiscretionary, which means that government spending is mandatory for the economy and does not depend on taxation. This does not mean that all government activity of spending is nondiscretionary. Nondiscretionary spending is spending of the government not subject to the appropriations process, a congressional budget process for the legalization of fiscal policy, while discretionary spending is the opposite. Nevertheless, discretionary also applies to households and firms, because they can only spend so much as they own. But the government, due to its ability to print money. Therefore, taxation never acts to produce revenue for the government, but to produce the production as the outcome for its currency. The growth of output come be demonstrated in equation (1), if the public sector is in a deficit and with foreign balance is constant (because it is usually a small proportion of GDP), the private sector is bound to be in a surplus, which creates the aggregate demand and increases GDP.

On the opposite of increasing spending, the government can also increase the taxes imposed, if the currency is inflating. By increasing taxes, the public sector would be in a surplus and the private sector would be in a deficit, meaning more saving than investment. This means that people would tend to spend less and save more, so that the economy can be stabilized, because less spending means less money in the economy. These two directions regarding government spending and taxation are the usage of fiscal policy for the government.

However, government sovereignty is related to not only taxation but also interest rates. Government can issue securities as government debt and sell them to the holders, in exchange for liquidated money. The holders can either have the securities until maturity or sell them in the market. Current laws require that the government has to issue bonds and securities to cover its deficit, if the government is in fiscal deficit. In the neoclassical model of loanable funds, fiscal deficits deplete national savings, and increase the demand for funds, causing a shortage in supply, with the result of a higher interest rate. And bond yields should increase due to financial crowding out and the risks of inflation and depreciation. However, MMT argues that the neoclassical theories do not hold in sovereign countries, because these theories are not formulated in a fiat monetary system, because the government can control the interest rate of bonds.

The central bank sets the overnight rate target, affecting short-term interest rates of the market, with the medium- and long-term interest rates only affected by the market itself. However, the government can set the terms on the price and interest rate of the market in public debt, because the sovereign government can always fulfill the obligation to its bondholders with its currency. The market does not penalize those who bought the government debt with a risk of default, because the monetarily sovereign government can always fulfill financial obligations to their bondholders in their sovereign currency. In other words, sovereign governments do not face any risk of involuntary default. However, the central government can also buy securities to inject reserves into the market and pin down the interest rate of securities and bonds. Not only does quantitative easing increase the money supply, but it can also provide liquidity to the banking system, because more investors are willing to borrow from banks with lower interest rates.

Hence, the sovereign government can apply fiscal as well as monetary policies in the market. While fiscal policies are related to government spending and taxation, monetary policies are associated with the regulation of short-term interest rates by either issuing securities or buying securities.

Nevertheless, this does not mean that there is no space for spontaneous decisions from the private sector. Even if the government employs both fiscal and monetary policy to stimulate spending and economic growth, the investors and consumers can still hoard money, because they cannot foresee a profit of investment in the future. This situation is the liquidity trap, which typically occurs in a recession. The liquidity trap not only minimizes the effect of monetary policies, but also causes a vicious cycle in the economy: the more savings and the less investment, the less economic growth, and the less can be saved and invested. To further understand the dynamics between the people and the government, it is necessary to turn to the taxonomy of money in the money pyramid.

4. The Money Pyramid

Randall Wray in the book, *Modern Money Theory*, explores the function of money in MMT and explains the significance of leverage in the economy: “the practice of holding a small amount of government currency in reserve against IOUs denominated in the state’s unit of account while promising to convert those IOUs to currency or reserves” (76). The IOU is an acknowledgment of liability that one party owes to another and will be converted according to its value, which can take the form of currency. This leverage of reserves guarantees that even in a financial crisis, when a bank run occurs, that is, when customers withdraw all their deposits from the bank causing it to go bankrupt, because the bank is incapable of meeting the withdrawals with their own reserves. The central bank can provide additional reserves for the bank to prevent the bank run; in other words, bank reserves at the central bank prevent bank runs. As a lender of last resort, the central bank fulfills this function by injecting more reserves into banks. Banks typically only borrow from or use their reserves in the central bank when they cannot settle payments between themselves, or they are deficits because loans to investors exceed their reserves. Because the government is solvent, it can always provide the bank with enough loans, without being in debt to itself.

The last resort loan from the central bank to banks can be understood through a balance sheet. Assuming that both Bank 1 and Bank 2 do not have any reserves left, but Bank 1 still owes Bank 2 $1 million, so Bank 1 borrows a $1 million loan to pay Bank 2, as follows:

Fig. 3

The Settlement Between Bank 1 and Bank 2 With a $1M Loan From the Central Bank

Central Bank		Bank 1		Bank 2	
Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
+$1M Loan	+$1M Reserves (Bank 1)	+$1M Reserves	+$1M Loans		
	-$1M Reserves (Bank 1)	-$1M Reserves	-$1M Payment owed to Bank 2		
	+$1M Reserves (Bank 2)			+$1M Reserves	
				-$1M Payment owed by Bank 1	

Above the dotted line is the creation of the loan. Bank 1 gets a 1 million loan from the central bank, which is an asset for Bank 1 as reserves and also its liability as a loan, an asset for the central bank as a loan but also its liability as reserves. Then Bank 1 pays Bank 2 $1 million reserves to repay its debt, which appears on the balance sheet as a minus 1 million reserves in the assets for Bank 1, causing a negative $1 million in liabilities, and an increase of $1 million reserves as assets in Bank 2 and also a negative of million in assets owed by Bank 1. The transfer of reserves from Bank 1 to Bank 2 is reflected as minus and plus in the liabilities of the central bank.

This balance sheet shows the central bank's function as the lender of last resort to clear the debt that Bank 1 owes to Bank 2, with equal changes in assets and liabilities. The relation between Bank 1 and Bank 2 is turned into their own relations with the central banks, through the transference of reserves. What Bank 1 used to owe to Bank 2 is transferred to the central bank, and Bank 2 clears the debt by the deposition of its reserves in the central bank. The ability to resolve the debts between banks demonstrates the central bank's ability to intermediate subsequent financial institutions for clearing the balance.

Just as the central bank can resolve debts between banks, so can banks resolve debts between individual investors, whose transaction on a balance sheet is structurally similar to that of the former. Similarly, if depositors use an ATM machine to withdraw money from the bank, the bank's reserves as assets decrease by the same amount coupled with the reduction of deposits as liability. If the depositor transfers the money to another person, who then deposits it at another bank, the other bank's assets increase by the same amount as the transfer as well as the deposits. This transaction between banks shows that the bank functions as an intermediary to clear the debt between individuals.

However, some firms function in a similar way as individuals because they do not have the ability to print money only borrow it from the bank, so they sometimes also need banks to settle their debt with each other. Nevertheless, the difference between firms and households is that the firms can issue their own IOUs, less credible than the sovereign currency, for example, gift cards. In this case, for the product of the firm the individual buys the gift card which seems on par with the sovereign currency with which one can buy the product. Nevertheless, the firm's IOU is not a sovereign currency, if the firm faces a risk of bankruptcy because it is in debt, its gift card depreciates. The firm recourses only to the bank for a loan to resolve such a situation.

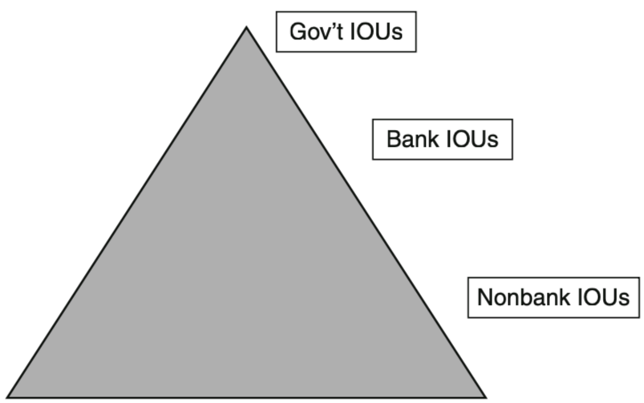
Hence, it is clear to see that there is a hierarchy between the central bank, the banks, financial institutions, and households. This hierarchy also called the money pyramid, is established based on the credibility of the IOU they issue, in other words, the acceptability, that is, whether the IOU is convertible at par with cash. In the money pyramid, there are three forms of IOU issued by institutions: public IOU, the money issued directly by the sovereign government, which also extends from the central bank to the banks; private-public IOU, created by private institutions with backstops by public institutions; and private IOU, gathered by private institutions without public guarantees.

Fig. 4 shows the money pyramid, in which the bottom layer consists of the IOUs of households and financial institutions with no acceptability of their IOUs. They usually clear their account by using the liability issued by a higher level of the pyramid. For example, if a person owes to another person, he can only clear the debt by borrowing money from the bank. The next layer consists of the IOUs produced by nonbank financial institutions, which in turn clear accounts using banks's liabilities. And the banks use government liability for clearance. Finally, the government at the summit of the pyramid, which has no liabilities higher than its own IOU, because it can not own itself debt.

There are two reasons for the shape of the pyramid. First, the hierarchical arrangement of IOUs reflects that the acceptance of liability declines from the top to the bottom. At the top, the government's IOU can never be forced to default, in the middle, the banks and financial institutions can only issue IOUs but cannot meet their debts with their own IOUs, and at the bottom, the households and non-financial institutions cannot issue IOUs that are widely accepted. Secondly, the liabilities at each level leverage that of higher levels. The whole pyramid is based on the leveraging of the government's IOU. The amount of liabilities decreases as the pyramid moves from the bottom to the top.

Fig. 4

The Money Pyramid



Note. From *Modern Monetary Theory*, by Wray, 2015, p. 78. Palgrave Macmillan.

5. Conclusion

Because the economy is a system of equilibrium, in which the surplus and deficit of each sector eventually balance each other out, the deficit in the public sector leads to the surplus in the private sector. The pubic deficit is an example of expansionary fiscal policy in which the government injects its spending into the economy. Government spending can also take the form of money creation, an operation on a balance sheet, which follows the principle of quadruple-entry bookkeeping. The creation of money is only achievable because the sovereign government can print money without owing debts to itself. However, fiscal policy is not the only way for the government to regulate the economy, it can also implement monetary policy which aims at changing the interest rate of bonds, (dis)encouraging the investors to either save money or invest money according to the status of the economy. Only through the operation of both fiscal and monetary policies can the government stabilize the economy and prevent it from falling into crises. Moreover, the government can also be an intermediary to settle debt between banks, because the government's debt has the highest credibility in the money pyramid, while the banks' debts with lower credibility. The relation between banks then is transformed into the relations between banks and the government. The money pyramid as a hierarchization of the taxonomy of money situates that the government is at the top, banks at the middle, and nonbanks at the bottom, according to their credibility of debts. However, in order to see the resemblance between MMT and structuralism, one should also understand some structuralist theories.

Chapter 2: The Development of Structuralism and Semiology

1. Introduction

Even before the occurrence of structuralism, which Karl Marx definitely had an influence on, his *Capital* already provides a structural analysis of value in the capitalist market: exchange value and use value. More importantly, Marxist value exchange sets the prototype for further semiological analysis for many philosophers.

Ferdinand de Saussure revolutionizes linguistics with a focus on semiology. With the comparison between Marx and Saussure, one should understand structuralism as a broader subject encompassing semiology, while semiology primarily deals with signs and language, structuralism does not necessarily investigate signs; but structuralism and semiology share the fundamental interest in identifying an object through its relations with others, as opposed to that only in isolation.

Baudrillard, coming from the Marxist tradition of studying political economy, builds on the Saussurean structure of signs to provide a more contemporary way of understanding the commodity in the capitalist economy. On the basis of Saussure's arbitrary unit between signifier and signified and Marxist value theory, the Baudrilladian unit between symbolic exchange and sign value explains more psychological aspects of the consumers in treating the commodities as signs. The advance of symbolic value to the simulacrum leads Baudrillard to the claim that all signifiers are empty signifiers, detached from referent and signified and relating only to other signifiers.

Jacques Lacan continues Freud's psychoanalysis and modifies it with a semiological turn, examining the relation between human desire and signs. Not only does he improve the Saussurean chain of signifiers by introducing the master signifier, but he also applies the master signifier to reality, elevating it beyond the dimension of linguistics.

Luce Irigaray dissects the Lacanian analysis of desire, criticizing the master signifier by coining the term “phallocentrism.” She applies phallocentrism to sexual differentiation, associating it with the Marxist theory of exchange. Literalizing the exchange of women as commodities by men, she points out that women only function as a negative reflection of man’s value and desire.

Although diverging in different directions, these five philosophers, nevertheless, constitute a dialogue regarding structuralism. The theories of these philosophers are important in understanding not only the development of structuralism, but also mechanisms of credit money, especially in MMT.

2. The Marxist Value theory and Saussure’s Semiology

Marx, as a German philosopher, changes the course of philosophy and economy with his criticism of capitalism, by inaugurating a new way of analysis for the political economy, through the examination of exchange value and use value of commodities in the market. Saussure, on the other hand, initiates a reconception of the relation between philosophy and linguistics, through the examination of linguistic signs. What leads many philosophers to vast expanses of structuralism is the combination of the Marxist theory of value and the Saussurean sign, on which both Baudrillard and Lacan provide new understandings. While Lacan inverses the

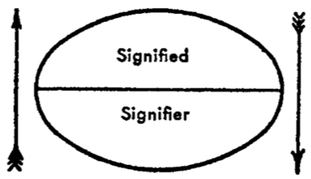
Saussurean sign and applies it to psychoanalysis, Baudrillard establishes a homology between the Saussurean sign and the Marxist value theory.

In Marx's idea, commodities that exist in the market are bound to be exchanged and traded. He states that a commodity contains two values: use value and exchange value (1978, 308). The exchange value is measured independently of the use value (305). However, one should take exchange value and use value as a totality regarding the commodity. The use value is the value of a commodity that satisfies the needs of a consumer (308); the exchange value can be qualitatively measured for the exchange of another commodity. Marx comes up with an equation for the exchangeable relation between two commodities through their exchange value: "x commodity A = y commodity B" (313). This does not merely mean the relation between commodities, but it establishes the general relation that all commodities *must be* expressible through another commodity. "A commodity is *exchange value* only if it is expressed in another, i.e. as a relation" (1972, 205). The market is the result of a net that captures all the exchangeability between commodities. The exchange value consists of quantitative labour power, and the use value consists of qualitative labour, labour in the abstract sense (1978, 357). The exchange value of a commodity is determined by the "labour time socially necessary for its production" (306). Marx maintains that what denominates the exchange value of commodities is the amount of labour power or the socially necessary labour time. However, use value "only satisfies a particular want," expresses a use, and disappears as the commodity is bought from the market by the consumer (308). The exchange value is represented by the price of a commodity. "What the worker exchanges with capital is his labour itself [...] What he obtains as price is the value of this divestiture" (247). Price is mostly likely to reflect the exchange value. But the market does not demonstrate anywhere the function of the use value of a commodity, as it is “the utility of a thing makes it a use value” (303). However, the exchange value is active and dominant, and the use value is passive and invisible in the market.

The relation between two commodities is similar with the relation between two words. Saussure defines a word as a linguistic sign, which has a bipartite of a signifier and a signified. He conceives the signifier as an expression and the signified as a concept. Hence, as indicated in Fig. 5, he thinks that the meaning of a word is the vertical comparison between signifier and signified. However, the similar relationship between commodity exchange and word exchange is horizontal, as Saussure says “the conceptual side of value made up solely of relations and differences with respect to other terms of language” (1960, 117). He refers to the binary opposition in a horizontal comparison between two two words. A word only obtains its value in relation to other words. This relation is the difference between them, which constitutes their value. “Language is a system of interdependent terms in which the value of each term results solely from the simultaneous presence of the others” (114). Language consists of all the differences (negative relations) between words, which then forms a chain of signification (Fig. 6). According to Baudrillard, who continues the direction of semiology after Saussure, the signifier serves as the element for the structure of language and the signified contains the meaning of language. “The first aspect [signifer] corresponds to the structural dimension of language, the second to its functional dimension” (2017, 47). However, Saussure states that the relation between the signifier and the signified is arbitrary (67). The word is unmotivated, because there is no natural connection between the signifier and the signified (69). The signifier and signified are mutually independent.

Fig. 5

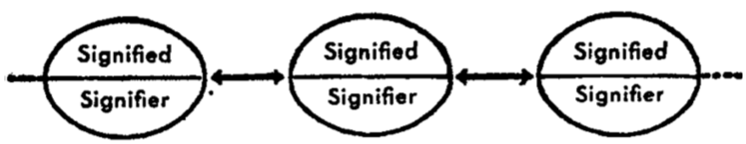
The Arbitrary Assignment between the Signifier and the Signified



Note. From *Course in General Linguistics*, by Saussure, 1960, p. 114. Peter Owen.

Fig. 6

The Chain of Signification



Note. From *Course in General Linguistics*, by Saussure, 1960, p. 115. Peter Owen.

Jacques Lacan deploys structuralist principles to overhaul psychoanalysis, as he draws on Saussure by referring to it as the Saussurean algorithm. However, Lacan inverses the position between the signifier and the signified, as he stresses the priory of the signifier over the signified, “an incessant sliding of the signified under the signifier” (419). This means the decisive role of the signified that the signifier plays in the signifying chain. “The ploughshare of the signifier ploughs the signified into the real, literally evoking it, making it emerge, working it and creating it” (2017, 23). Moreover, he states that the bar that separates signifier and signified is no longer the unification of them, but the resistance inherent to signification, which can only be crossed in metaphor (Fig. 7). Hence it shows that signifier and signified only belong to two different spheres: the signifier belongs to the conscious, the signified belongs to the unconscious.

Signifiers are visible and active, while signifieds are invisible and passive. This is the reason Lacan famously says the “unconscious [...] is structured like a language” (2007, 737). Since language predetermines the structure of the unconscious, the unconscious can never be expressed other than the chain of signifiers, in which words relate to one another through their own rules of metaphor and metonymy. The signifier always represses the signified.

Fig. 7

The Metonymic Sliding of Signifiers

$$\frac{\text{Sr 1}}{\cancel{\text{Sd 1}}} \bullet \frac{\cancel{\text{Sr 2}}}{\text{Sd 2}} \rightarrow \frac{\text{Sr 1}}{\text{Sd 2}}$$

It is reasonable to deduct a simple analogy, if not a homology, that the relation between the signifier and the signified is similar to that of the exchange value and the use value, as what Baudrillard argues in comparing the Marxist analysis of commodity with Saussurean semiology, “exchange value is to use value what the signifier is to the signified” (2019, 125). Baudrillard adds on the homology that “use-value plays the role of the horizon and finality of the system of exchange-values: use value qualifies the concrete operation of the commodity in (the act of) consumption [...] while exchange value refers to the interchangeability of all commodities” (2017, 47). He means that the chain of exchange values only functions in the market to signify the use value of the final commodity. Marx would concur with the function, since “used values are [...] depositories of exchange value” (1978, 51). If one only has 10 yards of linen but needs a coat, he will then exchange linen for a coat for the use value of the coat, with the omission of the use value of linen.

Similarly, the signified is both the base and finality of the signifiers, as the signifier only functions for the signified, without which the signifier would have no purpose. If one tries to understand the sentence “the sky is blue,” or any sentence of copula predication, then one has to understand firstly the meaning of “blue” in order to understand the meaning of “sky.” This is also a case of metonymy in the chain of signification, where the signified of the first sign is crossed along with the signifier of the second sign, leaving the signifier of the first sign and the signified of the second sign. Or one can understand this relation to be a chain of signifiers with the finality of the signified. Similarly, one can understand the relationship of exchange and use value through the linguistic designation of “sky” and “blue(ness).” “Sky” is exchanged for “blue,” and only expressed by the use value of “blue” and in turn omitting the use value of “sky” in this sentence.[1]

Marx argues that money is created as a medium for the exchange or barter of commodities. “The commodity which is required as a medium of exchange becomes transformed into money, into a symbol” (1972, 144). Money is the general equivalent of exchange value. “Each of [the commodities], so far as it is exchange value, must therefore be reducible to this third,” which is money (304). If the exchange values of commodities are what constitutes the net of relations of all commodities, the money is then what makes it visible to the consumers. However, MMT criticizes the Marxist creation of money through the exchange of barter with the idea of the government issuing currency and tax. But this does not mean that money in MMT can not be conceived from a structuralist perspective, which Marx in many ways coincides with. Keynes writes, “Money proper in the full sense of the term can only exist in relation to a money

[1] For more information, see Rossi-Landi (1977).

of account" (2013, 3), arguing that the value of money only exists in relation. Even though Marx says that "to compare money with language is [...] erroneous" (1972, 162), this does not diminish the same structuralist characteristics of money as semiology. Thus it is important to consider what Baudrillard thinks about symbolic value in order to understand the similarity between language and money.

3. Symbolic Exchange in Baudrillard

The failure of the 1968 uprising in France provoked a crisis on the French left that resulted in a series of critical reevaluations of Marxism by prominent intellectuals. Baudrillard revisits the Marxist criticism of capitalism through Structuralism under the influence of linguistic turn by Saussure in the early 20th century, by focusing on the overlap between linguistic and economic values: signifier and signified with the exchange value and use value. Baudrillard applies his structuralist approach to Marxism to sociology continuing the path of the French School of Sociology, established by Émile Durkheim, as well as his disciple, Marcel Mauss. Mauss's influential work, *The Gift*, provides an analysis of the archaic economy to critique capitalism by focusing on the gift exchange in relation to power in the Aztecs and introducing potlatch in Native American tribes. However, not only does Baudrillard come out of the French School of Sociology, but also he continues the examination of consumption in capitalism by Bataille, who is the founder of the College of Sociology, coming out of Surrealism.

Bataille develops the exchange of gifts from Mauss, views it as a Copernican turn from the "restricted economy" to the "general economy," also a shift from the Marxist production to consumption, and calls the latter nonproductive expenditure or accursed share. The exchange of gift demonstrates the ability to squander and give away wealth, the accursed share, without any material repayment, especially in the case of the potlatch, an agonistic form of exchange in which the chiefs of warring tribes give away or destroy his own wealth to demonstrate his superior power, humiliate a rival chief, and garner prestige. As Bataille characterizes the potlatch in the *Accursed Share*, “By giving, one exhibited one’s wealth and one’s good fortune (one’s power)” (2007, 65). The chief wage war against the rival chief, not in the West in the form of invasion, but by destroying copper which is their currency, the materialization of labour and concentration of wealth, for reputation and power. The acquisition of power through the redistribution and destruction of wealth reveals that in addition to their economic value, commodities can be invested with a symbolic value. Contrasting sacrifice in potlatch and the idea of saving, Bataille illustrates the difference between the “general economy” and the “restricted economy.” While the “restricted economy” with its narrow view of the economy as predicated on scarcity and its myopic focus on productivity, the “general economy” understands the economic problems that society faces to be rooted not in scarcity but rather in surplus. Bataille explains the perspective of the general economy by raising the example of squandering solar energy:

> Solar radiation results in a superabundance of energy on the surface of the globe. But, first, living matter receives this energy and accumulates it within the limits given by the space that is available to it. It then radicates or squanders it, but before devoting an appreciable share to this radiation it makes maximum use of it for growth (29).

For the growth of economics, there will always be excess that can only be squandered wastefully and must be dispensed in the form of non-productive expenditure: whether pyramids, cathedrals, hecatombs of sacrifice, potlatch, luxuries, billionaires, unusable nuclear arsenals or, most destructively: wars. "If a part of wealth (subject to a rough estimate) is doomed to destruction or at least to unproductive use without any possible profit, it is logical, even inescapable, to surrender commodities without return" (25). A society is defined, for Bataille, by its way of squandering the accursed share. Bataille applies the critique of capitalism to the Marshall Plan: the financial aid from the U.S. to Europe in the form of squandering for the financial recovery after World War II.

Baudrillard reinforces Bataille's theory by extending it to the consumer society, synthesizing the Marxist value and semiology for the analysis of capitalism in the age of mass production. He extends the concept of potlatch to the idea that commodities are exchanged because of and for a symbolic value imposed on them by the consumer. He argues that the consumer society no longer operates on the commodity form with the Marxist value, but rather on sign form, what he calls symbolic value and sign exchange value. The reduction of commodity form to sign form provides a new perspective for explaining economic exchange: a transition from the objective value of commodities to their subjective value."UV–SbE (use vale to symbolic exchange) [is] the field of consumption [...] that is of the destruction of use value [...], no longer, however, in order to produce sign values, but in the mode of a transgression of the economics, reinstating symbolic exchange" (2019, 120-1). Symbolic exchange represses the use value of a commodity by reducing the commodity to a sign.

Baudrillard explains the bipartite structure of sign exchange value and symbolic exchange with the help of Marxist value theory: "SbE–UV, EcEV, SgEV (symbolic exchange to use value, economic exchange value and sign exchange value): [...] for example the objects involved in reciprocal exchange whose uninterrupted circulation establishes social relationships, i.e., social meaning, annihilate themselves in this continual exchange without assuming any value of their own (that is, any appropriable value)" (122). The circulation of symbolic exchange based on symbolic value annihilates all other kinds of value, and establishes its relation with other symbolic values independent of other kinds of value. "All forms of value [...] must be negated in order to inaugurate symbolic exchange" (121-2). From the reduction of use- and exchange value, he proposes the formula of symbolic exchange value and sign value. Sign exchange value is to symbolic value what exchange value is to use value (and what signifier is to signified). Insofar as the consumer reduces the commodity to sign, the symbolic value of the commodity is only personal to him, but it still is relational because it can be exchanged with other commodities that are reduced to sign. Baudrillard applies the symbolic value in the example of auction, where the art piece has a symbolic value to the buyer, and is exchangeable through symbolic exchange value. "At the level of paintings, manipulated as supersigns, symbolic value is resolved into an aesthetic function that is, it only operates inter linea behind the operation of the sign" (115). However, in the consumer society, consumers only exchange a commodity for another based on its symbolic exchange value. In the case of the potlatch, if the leader holds a feast and only in exchange for power, the feast and power can only be exchanged based on their sign exchange value.

Nevertheless, Baudrillard seems to rebut himself when he argues that "accurately speaking, there is no symbolic 'value,' there is only symbolic 'exchange' which defines itself precisely as something distinct from, and beyond value and code" (121). This does not mean that symbolic value does not exist, but rather it only has an ambivalent relationship to other symbolic values. "It is the ambivalence (positive and negative) of personal exchange–and as such it is radically opposed to all values" (124). The symbolic value is ambivalent because it varies according to an individual's desire, and is unmeasurable, unlike sign exchange value. Just as exchange value eclipses use value, sign exchange value also puts symbolic value under erasure and represses its ambivalence

Baudrillard critiques the Marxist analysis of the economy and reduces the market exchange of commodities to the exchange of signs. According to Marx, a symptom of the false consciousness generated by capitalist relations of production is commodity fetishism. Marx argues that "the relations connecting the labour of one individual with that of the rest appear, not as direct social relations between individuals as work, but as what they really are material relations between persons and social relations between things" (321). The relation between workers is only represented through their labour power, i.e., the relationship between the commodities they make. Hence commodity fetishism is the illusion of material relations and the misrecognization of workers' relations. Commodity fetishism describes conditions under capitalism in which "the social character of men's labour appears [...] as an objective character stamped upon the product of that labour" (320). The material relations of commodities are privileged over and become a representation of human relations by consumers. Baudrillard builds on Marx's notion of commodity fetishism to illustrate what he means by symbolic exchange. Symbolic exchange describes a situation where the exchange of commodities is not based on their use value but on their symbolic value. In most markets, commodities are functionally homogeneous, but consumers still prefer one commodity over another, due to brand loyalty. This fetishism of brand-name products develops from commodity fetishism establishing relations of symbolic exchange, a structural shift involving the transformation of the commodity into a sign imbued with symbolic value. "In Marx's analysis, the formal analysis of the commodity grounds a first level fetishism, connected with exchange value. But when the passion for value becomes embodied, beyond value [...] this becomes the object of a higher fetishism" (2001, 129). When consumers compare different commodities, what they are actually comparing is the differential value among signs. However, Baudrillard maintains that symbolic exchange extends beyond commodities circulating at the level of the market to the level of financial assets, more generally.

Elaborating on the concept of symbolic exchange, Baudrillard introduces the concept of simulation. "Simulation is no longer that of a territory, a referential being, or a substance. It is the generation by models of a real without origin or reality" (1994, 1). Simulation describes the creation of a signifier that represents and substitutes the object in reality. He outlines successive phases in the transformation from the representation of reality to the simulation of reality. "[the first stage] is the reflection of a profound reality; [the second stage] masks and denatures a profound reality; [the third stage] masks the absence of a profound reality; [the fourth stage] has no relation to any reality whatsoever [...] is its own pure simulacrum" (6). Through this transition, it is understandable the way that the commodity transforms into a sign, which in turn replaces the commodity after it dissociates from the commodity and establishes its own set of values in relation to other signs as sign value.

The last stage of simulation, in which the commodity assumes the form of pure simulacrum, functions in a similar way as an empty signifier, which is a signifier with no signified just as the simulacrum has no corresponding reality. In the transformation from representation to simulation, the simulation has the same characteristics as an empty signifier because it gradually dissociates from its signified, severing all relation to reality.

However just as Baudrillard focuses on commodities in post-industrial capitalism, one should also turn to money form and money creation in financial capitalism. A commodity can be a sign for symbolic exchange due to the sign value that consumers assign to it, and hence, it can have an indeterminate number of signifieds. Money in the stage of financial capitalism does not possess a material form, because fiat money has been digitized; it does not have a correlating real asset, but nothing more than a set of numbers on a screen. Similar to commodity, fiat money is also an empty signifier, primarily because fiat money is only a creation of the government and does not derive its value from elsewhere, unlike commodity money whose value derives from the relation to gold. Baudrillard agrees that fiat money is an empty signifier. "Money is transformed from a referential sign into its structural form – the 'floating' signifier's own logic[...] in the sense that it is well rid of every signified (every 'real' equivalent) as a brake to its proliferation and its unlimited play"(2017, 68). What Baudrillard means by "floating signifier" is the idea that the signifier has no signified or, in other words, because it is unmoored from any signified, it can signify anything depending on context. To better grasp what Baudrillard means by the floating signifier, it is helpful to consider what Saussure's disciple, Benveniste, says about the first person singular pronoun, "I." The first-person singular pronoun "I" is an empty signifier that has infinite possible signifieds but has only one realized signified, as it is directly related to the referent, the enunciator. "'I' can only be identified by the instance of the discourse that contains it and by that alone. It has no value except in the instance in which it is produced" (2021, 218). The first-person singular pronoun is helpful for understanding Baudrillard's concept of the empty signifier, because "I" provides an example of an empty signifier that people use all the time in everyday life. The digitization of money form and money creation without relations to a commodity suggests that money as a financial asset can be understood to function as an empty signifier. The relation between money and symbolic value will be further discussed in the next chapter.

4. Lacan's Master Signifier

Jacques Lacan, a famous psychoanalyst and psychiatrist, takes up and advances Freudian concepts of psychoanalysis. Freud, as the founder of psychoanalysis, examines the desire for human consciousness, which he ascribes to libido in the human psyche. Lacan, different from Freud's account of desire, attributes the cause of desire to be symbolic. His *Écrits* widely influenced continental philosophy, especially poststructuralism. Coming close to Lacan, Gilles Deleuze, who before launching a critique on Lacanian psychoanalysis, acknowledges the significance of master signifier to structuralism, mainly the concept of master signifier, in his paper *How to Recognize Structuralism*.

Lacan revisits the empty signifier and comes up with his pivotal concept of the phallus: "The phallus serves the function of signifying the lack of being *[manque a etre]* that is wrought in the subject by his relation to the signifies" (2007, 594-5). Thus the phallus signifies for the subject the lack of the signified. "Still less is it the organ—penis or clitoris—that it symbolizes" (579). The phallus should not be conflated with the material organ, but more a symbolic, a signifier which does not have a signified. "For the phallus is a signifier, a signifier whose function, in the intrasubjective economy of analysis, may lift the veil from the function it served in the mysteries. For it is the signifier that is destined to designate meaning effects as a whole, insofar as the signifier conditions them by its presence as signifier" (2007, 691). The phallus is important psychologically in the field of signification, because it anchors the consistency of the chain of signifiers for the subject.

The phallus in a chain of signifiers is called the master signifier, where other signifiers converge "Everything radiates out from and is organized around this signifier. It's the point of convergence that enables everything that happens in this discourse to be situated" (1993, 268). Lacan describes the signifier as "what represents the subject to another signifier" (2007, 694). Without the master signifier, the chain of signifiers cannot remain static, which means that signifiers only slide to another, forming an infinite regress. The infinite regress occurs in a situation when the explanation of a word exhausts the whole language. However, only with this master signifier in place, does the field of signifier remain intact.

Deleuze, elaborates on the significance of master signifier in structuralism, in his article *How Do We Recognize Structuralism*. Deleuze raises the example of "object = X" (2012, 187) to illustrate the arbitrary relation between a signifier and a signified: the signifier is the X, the symbolic, and the signifier relates to the concept of the object. However, the mast signifier does not have a signifier. "It is simply not assignable: that is, it cannot be fixed to one place, nor identified with a genre or a species. Rather, it constitutes itself the ultimate genre of the structure or its total place: it thus has no identity except in order to lack this identity, and has no place except in order to be displaced in relation to all places" (188). The master signifier can only function to stipulate the chain of signifiers comes from its own identity from the lack of identity, lack of signified. Like other signifiers, the master signifier is also a signifier that represents the subject of another signifier, which is also relational to another signifier. Only by such a lack and the master signifier be relational to all other signifiers.

However, the phallus as a signifier also relates to desire. "The phallus is the privileged signifier of this mark in which the role of Logos is wedded to the advent of desire" (2007, 581). Desire is a key element of psychoanalysis, and Lacan draws most of psychoanalytic theory from Freud's analysis. Freud distinguishes the psychoanalysis between the boy and girl by saying that the girl does not have a penis and therefore is envious of the penis. Lacan writes that the phallus already has a symbolic function. Lacan also develops from Freud's oedipal complex in which the infant represses the desire s/he experiences towards the mother. Either a boy or a girl, still a toddler, desires the mother's love, but only to find out that the mother also loves the phallus. S/he soon realizes that the father has one thing s/he does not have – the phallus. Therefore, s/he tries to identify with the phallus. However, the question "to be or not to be the phallus?" befalls the toddler (2017, 170). The difference between the boy and girl is that for the boy the father intervenes in his process of identification with the phallus. Unlike girl, boy is always prohibited by the father because of the Oedipal complex through the Name-of-the-Father, which is the Law that castrates the boy. This does not mean that girl is exempt from symbolic castration.[2] "Freud reveals to us that it is thanks to the Name-of-the-Father that man does not remain bound to the sexual service of his mother, that aggression toward the father is at the very heart of the Law, and that the Law is at the service of the desire that Law institutes through the prohibition of incest" (2007, 853). The father, in order to prohibit the boy from incest, castrates him symbolically by introducing a law. Because the Name-of-the-Father lays the Law against incest, the child,

[2] For more information, see Lacan (2002).

castrated, is prohibited from being the imaginary phallus for the mother, or identifies himself with the mother, but rather has the symbolic phallus and identifies with the Father. The father authorizes the text of the law using the Name-of-the-Father, at the symbolic level, for the presence of the mother's Other (2017, 132). Lacan then concludes that the boy has the phallus and the girl is the phallus.

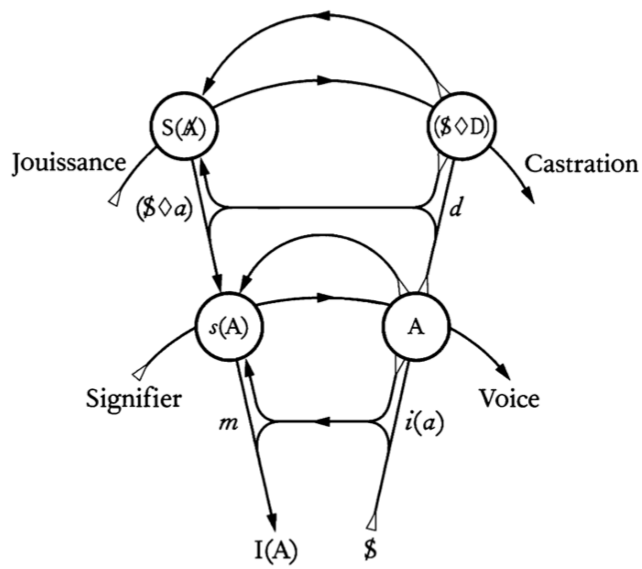
The relation between the baby, the mother, and the father can be better understood with Lacan's dialectic of desire, which only comes into shape under the influence of Freud's investigation on the libidinal economy. Freud argues that the psyche economizes libido as an investment into the object of desire, and aims for pleasure. "Happiness, in the reduced sense in which we recognize it as possible, is a problem of the economics of the individual libido" (2004, 24). In this way, the libido is an investment only for profit, what Freud calls pleasure-profit [*Lustgewinn*]. However, Lacan develops from the libidinal economy and comes up with the dialectic of desire (Fig. 8). This dialectic shows the relation between the signifier and its effect as desire. The subject enters into the realm of signifier, when he encounters the Other who speaks a language, demonstrated by the first horizontal vector. Once the subject encounters signifiers, he becomes a split subject, structuralized by the symbolic, which Lacan uses \$ to explain. This split occurs because the subject's desire is not spontaneous, but rather that of the Other. Already the example that the baby tries to identify with the phallus demonstrates a split of the subject due to the desire to please the mother, to identify with what the mother desires. "Desire—which is the henchman of the subject's split—would no doubt be willing to call itself 'will to *jouissance*'" (652). *Jouissance* is on the second vector where the subject because he desires to identify with the desire of the Other – to complete the split of the subject, demonstrated as \$<>a, what Lacan calls the structure of fantasy. This formula indicates fantasy is only the relation between the split subject and object a, while object a is the object's cause of desire and completes the lack. Object a completes the lack because the subject is alienated when s/he first encounters a chain of signification. "It is thus not the fact that this operation [of signifiers] begins in the Other that leads me to call it "alienation." The fact that the Other is, for the subject, the locus of his signifying cause merely explains why no subject can be his own cause" (2007, 713). Or one would even say that it is the Name-of-the-Father that alienates the subject, forming the subject. Only the alienation through object a constitutes the subject as such: the formation and recognition of the subject derives from the negative relation it has with the loss of object a. The subject can only recognize the self as a split subject, through the loss of object a. However, the split subject is complete through the retrieved object only in fantasies. This completion of the Other occurs when the subject realizes that he is castrated symbolically and tries to complete the lack of the Other for his *jouissance*. Lacan conceives *jouissance* as pleasure but only by transgression against the Law, the signifier which in the first place bars the subject. The dialectic of desire and the relation between the baby and parents both show the function of the signifier in desire.

However, one should note that the Name-of-the-Father, the phallus, and the master signifier are all variations of the same thing, which aims to anchor the position of the symbolic for the subject. While the Name-of-the-Father introduces the subject into the symbolic only through the Law, which, later, castrates the subject symbolically; the phallus associates more with the desire of the subject after he is castrated; and the master signifier only stabilizes the structure of the symbolic in the context of a chain of signifiers.

Chapter 3 elaborates on the importance of the master signifier in understanding the function of fiat money, and connects the legislation of the law from the Name-of-the-Father with the law legitimizing the circulation of fiat money. However, to further comprehend the concept of phallus, it is important to turn to Irigaray's criticism of it.

Fig. 8

The Dialectic of Desire



Note. From *Écrits*, By Lacan, 2007, p. 692. Norton.

5. Irigaray and Negative Reflection

Luce Irigaray, a trained Lacanian psychoanalyst, was excommunicated by Lacan after publishing a blistering feminist critique of psychoanalysis. As a feminist philosopher, Irigaray attempts to topple the androcentric patriarchy through the psychoanalysis of the phallus in *The Speculum of the Other Woman* and *The Sex Which is Not One*, where she talks about the exchange of women as a reflection of desire to and by men. She offers a sustained criticism of exogamy, the exchange of women examined by Levi Strauss, and argues that women are reduced to commodities for men's exchange. Irigaray literalizes the commodification of women, and maps the Marxist value theory onto it. Even though I distinguishes the phallus and the penis from Lacan's perspective–the former is symbolic and the latter a physical organ–Irigaray looks at them with a feminist critique, and rejects the disassociation of the phallus from the penis.

Irigaray starts by dissecting sexual difference, one of the psychoanalytic focuses ever since Freud and continued by Lacan, that men have the penis and women do not: "In Freud, sexual pleasure boils down to being plus or minus one sex organ: the penis" (1985, 52). The binary opposition between the penis and the lack of the penis serves as a mutual constituent for the value through the exclusion of the other: the penis only has a value because of the lack of the penis, and vice versa. "Woman's castration is defined as her having nothing you can see, as her having nothing. [...] Nothing to be seen is equivalent to having no thing" (48). Luce Irigaray establishes a mathematical formulation that the phallus is assigned a positive value and the clitoris (the lack of the penis) is assigned a negative value. Criticizing Freud's analysis of penis envy, due to woman's lack of the penis, Irigaray argues that "thus woman's lack of penis and her envy of the penis ensure the function of the negative, serve as representatives of the negative in what could be called a phallocentric- or phallotropic-dialectic" (52). This dialectic of phallocentrism is the idea that the phallus is at the center of a power structure, and the lack of the phallus is excluded to the border of this structure, with less or no power. The dialectic of phallocentrism is a criticism of the Lacanian phallus, because she thinks that the phallus, as the master signifier, is at the center of all chains of signifiers, whose value is only determined in relation to other signifiers, in the case of Irigaray's argument, the lack of penis. "'Penis-envy' would represent, would be the more effective representative of woman's desire to enter into symbolic exchange as a 'subject' and raise woman from her status as a mere 'commodity'" (56). Irigaray argues that it is penis-envy that constitutes the position of the penis at the center of all signifiers. This phallocentrism denies the possibility to overturn its authority by the lack of the penis:

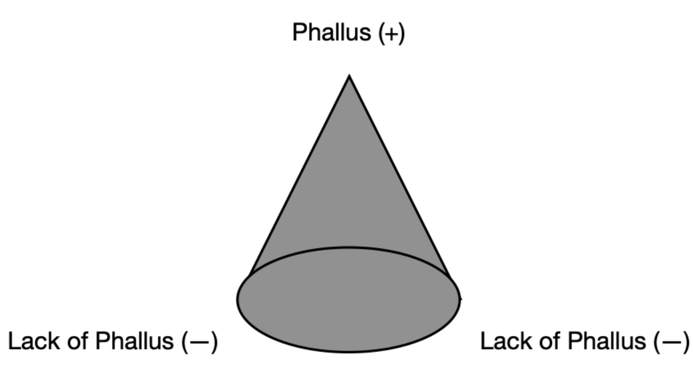
> A nothing threatening the process of production, reproduction mastery, and profitability, of meaning, dominated by the phallus–that master signifier whose law of functioning erases, rejects, denies the surging up, the resurgence, the recall of a heterogeneity capable of reworking the principle of its authority (50).

This phallic authority is only possible because it symbolizes and reduces woman to commodity, and constitutes not just the valorization between positivity and negativity (between the penis and lack of the penis) but also constitutes a hierarchy wherein the penis is at the top and the lack of the penis at the bottom."The exchange of women as goods accompanies and stimulates exchanges of other 'wealth' among groups of men" (1985a, 172). This means that man imposes upon woman a symbolic value, for which they are exchanged. "As commodities, women are thus two things at once: utilitarian objects and bearers of value" (175). According to Marx's analysis of the commodity form, consisting principally in use-value and exchange value, leaving aside the element of surplus value woman, insofar as she is a bearer of the symbolic value for exchange, also has a use value, her physical body. "As among signs, value appears only when a relationship has been established" (180). Irigaray applies the notion of the sign on women circulating on the market, which means that they are not only commodities, as bodies endowed with use-value and exchange-value, but bearers of signs, what Baudrillard calls symbolic exchange value and sign value. The establishment of a relationship between the exchange of women can only be established between (two) men: either her use value or exchange value only reflects the desire of man. If the difference between women's bodies is not equivalent to one another, then women must be exchanged with a common denominator, just as coat and lenin can be exchanged with the quantum of labour power as a common denominator. Such a denominator for women is her equivalence to a product by men. "Commodities, women, are only a mirror of the value of and for man" (177). This mirror of value aligns with what Baudrillard critiques of the political economy of sign in *The Mirror of Production*, where he argues that the use value represents the positivity of labour power which mirrors the identity of the worker. "The free worker finds his identity in the mirror of his labor power" (1975, 95). Irigaray's mirror of value also expresses the symbolic value of women as a reflection of men's desire and in turn mirrors men's power, which they extract from the valorization of women. Not unrelated to commodity fetishism, where human relationships assume the distorted appearance of relations between commodities, relationships between women are reduced to "their common character as products of man's labour and desire" (1985a, 181). What makes women equivalent to each other is man's labour which reduces them to commodities. Insofar as women are exchangeable commodities, they are also reduced to a sign form, that is, they are bearers of signs, expressing sign exchange value and symbolic value. While sign exchange value establishes the equivalence of women exchanged, symbolic value is the reflection of men's desire on women, the reason a woman is privileged over and exchanged for another.

Irigaray places different categories of women in a spectrum with pure use value on one end and pure use value on the other. "[M]others, reproductive instruments marked with the name of the father and enclosed be private property, excluded from exchange" (185). Mother only has use value and not exchange value, because of her ability to (re)production and the taboo of incest. "Prostitution amounts to usage that is exchange" (186). However, prostitution has both exchange value and use value, but her exchange value is use value: she is only used to be exchanged and exchanged to be used. Virgin only has exchange value. "In and of herself, she does not exist: she is a simple envelope veiling what is really at stake in social exchange" (186). Because virgin is yet to be a commodity of men, not until she is exchanged from the father's to the husband's hand, a (ex)change of the former's last name for that of the latter. "Mother, virgin, prostitute: these are the social roles imposed on women" (186). These categories of women serve for men to better recognize and impose exchange and use value on women. "Men make commerce of [women], but they do not enter into any exchanges with [women]"(172). Irigaray concludes "woman derives her price from her relation to the male sex, constituted as a transcendental value: phallus" (188). Irigaray ironically ventriloquizes the Lacanian position of the phallus in order to subvert it. The phallus marks the source of power for men, whereby men brand their women with the last name, similar to the brand of a commodity. "She leaves her family, her 'house', her name–though admittedly it too is only a patronymic–her family tree, in favor of her husband's" (1985, 33). Hence, not only is the identity of woman a social construct, generated from the lack of phallus, but the identity of the female individual is also constructed, when she is branded with the name of the father, and later after being exchanged for a ring, then branded with the name of the husband. Whereas commodities are made in a factor infused with labour power, women are made in society by men's social power. The relationship between man and woman can be understood as a shape of a cone (Fig. 9). This shape not only illustrates the topographical structure from the lack of the penis at the bottom to the penis at the top, but it also puts the phallus at the center, the apex of the circle. It is the binary opposition between phallus and the lack of phallus that constitutes the value of each other. However, if one sees this three-dimensional graph from above, s/he finds out that the phallus (or man) is at the center of a circle, while women are excluded to the border, because she is the constitutive other with her lack of phallus. Man is at the summit of the hierarchy, and woman subordinate to man is at the base. Man has the phallic power to reduce woman to the status of commodity and to exchange her for her value, since she is only a commodity and does not have any agency for herself. However, man does not enter into this exchange, and only makes exchanges. The exchange of women by man can be seen as the exchange on the base of the two sides of the cone, a horizontal rotation of the cone around the pivot point of the phallus. However, this exchange does not affect the position power of the phallus, stabilizing its power.

Fig. 9

The Cone Shape Structure for the Value of the Phallus and the Lack of the Phallus



This cone shape structure expressing the power between phallus and lack of phallus is similar to the money pyramid in MMT. The money pyramid represents the hierarchy of power and credibility among different kinds of money, with legal tender at the top, bank money at the middle, and public money at the very bottom. If the investors cannot settle their debts between themselves, they have to recourse to the bank for its loans; similarly, banks recourse to the government for the government's money. However, the government at the top of the hierarchy will not owe itself debt, because of its sovereignty. The money pyramid expresses the power only bottom-up, the exchange between investors is resolved through the bank; while the cone expresses the power top-down that men make exchanges of women. Chapter IV elaborates on the comparison and contrast between the cone and money pyramid.

6. Conclusion

The homology between the Saussurean algorithm and the the Marxist value theory establishes the fundamental principle for structuralism, the constitution of value through relation. Baudrillard builds on this homology, and applies the structuralist principle to the consumer society to come up with his theory of symbolic exchange. The symbolic exchange occurs when consumers reduce commodity form to sign form and exchange the commodity not for its exchange value but its symbolic value. Lacan revisits the Saussurean algorithm and coins the master signifier, a signifier without any signified at the center of all chains of signification. The master signifier is also a variation of the phallus, which symbolizes the desire of the subject and the Other. Irigaray launches a feminist critique of Lacanian psychoanalysis focusing on the phallus within the patriarchal structure, which she calls phallocentrism. Mapping the Marxist value theory on the exchange of women, she demonstrates woman as a decentered subject is the negative reflection of labour and desire of man as a centered subject. With the help of these structuralist theories, it is possible to compare MMT with structuralism.

Chapter 3: The Resemblance Between MMT and Structuralism

1. Introduction

Hayoun considers the accounting system to be a branch of semiology, by comparing its characteristics with those of linguistics that Saussure proposes. Hayoun's approach to the accounting system provides insight for a structuralist analysis of balance sheets, which MMT relies on for the creation of money. Moreover, in this way, the money creation is first semiological, as changes of entries on the balance sheet. Goux's homology between the Lacanian phallus and the gold standard currency serves as the basis for the understanding of the relation between the phallus and fiat money. However, Goux builds his analysis on Lacan's decentralization of the structure, and fills the void (lack) of the center with gold which generates relationally the value of the gold standard currency. The government in MMT, on the other hand, is at the center of the economy, and replaces gold with its credibility for the value of fiat money. This seems to contradict the structuralist tradition due to its proposal of decentralization or even anarchism. Baudrillard's simulacrum, which expresses that all signifiers are empty signifiers, diminishes the role of the government on the value of fiat money, because fiat money, whose value is detached from any referent or signified, i.e., commodities, is initially an empty signifier without an arbitrary meaning from a centered subject. Fiat money from this heterodox structuralist perspective replaces the function of the gold standard currency. Fiat money derives from other empty signifiers its symbolic value, which is associated with the desire of its users: Fiat money does not only signify desire but also affects the desire, which in turn influences its symbolic value. Deleuze, Guattari, and Lyotard all demonstrate the dynamics between money as a sign and the desire for money in the economy.

2. Accounting and Semiology

With Saussure's reconception of linguistics as a branch of semiology, it is understandable to view the money creation of MMT in the light of structuralism. One operative tool for money creation is the accounting system in MMT. An accounting system aims to keep one's financial records with the use of financial statements. The relation between the accounting system and semiology evokes the interests of Shaul Hayoun, who in his paper, Towards Financial Semiology (2019), considers the accounting system as a branch of semiology, just as linguistics. Summarizing the characteristics of linguistics that Saussure generates from semiology, Hayoun finds the structure of the accounting system and linguistics to be parallel. However, an accounting system is not used exclusively by MMT economists, so in order to understand the particularity of the accounting system in MMT, the balance sheet, which Hayoun does not shed light on, it is important to consider Claude Lévi-Strauss's conception of system. Lévi-Strauss transposes linguistic structure onto the anthropological study of kinship systems to linguistics, and comes up with two systems, which Deleuze criticizes to come up with the notion of series. With the help of series, the balance sheet can be understood from a structuralist perspective.

Lévi-Strauss in his *Structural Anthropology* seeks the validity of a structural correlation between linguistics and anthropology: "It is therefore legitimate to seek homologies between [kingship and marriage, economics, and linguistics] and define the formal characteristics of each type considered independently and of transformations which makes the transition possible from one to another" (83). Similarly Hayoun also finds a homological relation between linguistics and accounting, both as a branch of semiology. Hayoun outlines five defining characteristics of semiology: "(i) it is a social fact, where meaning is derived by the community's use, i.e., by its practice; (ii) its signs are arbitrary; (iii) it has a coherent classificatory nature; (iv) immutability and mutability are both characteristics of the system; (v) and its signifiers are uttered in a linear manner" (70). These characteristics are obvious not only in linguistics, pointed out by Saussure, but also in accounting systems.

Saussure maintains that language is a social construct of community. "The community is necessary if values that owe their existence solely to usage and general acceptance are to be set up" (1960, 113). Community use and acceptance generate the semiological system. Saussure emphasizes the arbitrary relationship that binds the signifier and signified that together constitutes the linguistic sign. "The bond between the signifier and the signified is arbitrary" (67). Saussure proposes the dichotomy between *langue* and *parole* for the analysis of language as a semiological system. Whereas *parole* is the enunciation of a language in a speech by individual speakers, *langue* is the language system as a whole at the level of a community. *Langue* as a system of categorization relies on the differentiation between signs, and generates linguistic values only negatively in the relations of difference between signs. (21). Moreover, the grammar, the use of language, is habitual, if not arbitrary, because it follows the tradition of the use of language from the preceding period. "Language always appears as a heritage of the preceding period" (71). However, this does not mean that language is static. Saussure emphasizes the mutability of language. "The sign is exposed to alteration because it perpetuates itself" (75). Insofar as a language continues to exist, it not only inherits its grammar and meaning from the preceding period but also changes them gradually. The continuity is intertwined with the mutability of language throughout its development. The utterance and use of speech (*parole*) causes language (*langue*) to evolve (21). Saussure emphasizes the linear, temporal nature of the signifier: “The signifier, being auditory, is unfolded solely in time from which it gets the following characteristics: (a) it represents a span and (b) the span is measurable in a single dimension” (70). The signifiers and the sentences they form are sequential, and cannot be perceived simultaneously.

An accounting system records, classifies, and summarizes financial transactions of different parties for the analysis of financial status. Hayoun argues that an accounting system is also structured as semiology like linguistics, because it fulfills the five characteristics that he points out in semiology. An accounting system is also a system that is socially constructed. An accounting system involves financial communication between financial institutions, generating financial statements as its language. The financial statements are generally used by investors, market analysts, and creditors to evaluate the financial health and earnings potential of a financial institution. While there are three principal forms that financial statements can take–balance sheets, income statements, and statements of cash flows–MMT makes use only of the balance sheet.t. Companies adhere to principles of ‘Generally Accepted Accounting Principles (GAAP),’ a set of rules that the Financial Accounting Standards Board (FASB) sets forth for U.S. companies to follow when generating their financial statements. Hayoun also points out that FASB’s binding force comes ultimately from its use by the community of financial accountants.

Hayoun argues that an accounting sign, the combination of the entry of an asset on the financial statement and its assigned numerical representation, is also arbitrary. To demonstrate the arbitrariness of the accounting sign he offers the example of real estate, which can be an entry on a financial statement: “The same real estate property may be assigned different numerical representations under the American FASB accounting regime and under the system of the International Accounting Standards Board (IASB)” (2019, 73). The different set of accounting standards demonstrates the arbitrariness of the financial accounting system. Since the accounting system is just a branch of semiology, parallel with linguistics, one might wonder about the correspondence between the accounting sign and the linguistics sign. However, from the observation of Hayoun, there does not seem to be a direct correspondence: the bipartite structure of an entry on a financial statement and a numerical representation does not follow the logic between a signifier and a signified.

Categorization produced through differentiation is also crucial for the accounting system. The classification of financial statements is effected using different standards of value, which relate to each other only negatively–they establish their value through processes of exclusion. There are three main standards of value, fair market value, investment value, and intrinsic value; and the entry on the balance sheet must fall into one category exclusively. The different standards of value demonstrate different ways of recording value, because the value may change under different standards. Fair market value reflects the price of an asset in the market. Investment value is the value of assets for investment. Intrinsic value is the evaluated value of an asset in the market by investors. However, MMT uses “net present value” to refer to “intrinsic value," because MMT economists do not agree with mainstream economists that money has intrinsic value.

The accounting system is also mutable. Citing the accounting standards set by the Financial Accounting Standards Board (FASB) for U.S. institutions, Hayoun writes: "Although those characteristics are expected to be stable, they are not immutable. They are affected by the economic, legal, political, and social environment in which financial reporting takes place and they may also change as new insights and new research results are obtained" (FASB, 1980, paragraph 2; 2019, 74). The mutability of accounting standards comes from the practice of accounting, similar to the effects of *parole* on *langue* over time.

A financial statement can also be perceived in a linear fashion. In the case of the balance sheet in MMT, the clearing of an asset with a liability is sequential. The balance sheet unfolds from top to bottom, even though the entry at the top and the entry at the bottom are only different parts of the same transaction. The liability or asset cannot be viewed in isolation but in totality for the balance sheet. As demonstrated in Fig. 3, the creation of loans as an accounting phenomenon emerges through the changes on a balance sheet, recording the flow of transactions between banks and central bank. The balance sheet should be read in a linear fashion, first an asset from the central bank and then, transferred to banks as a liability.

The structural parallel demonstrated between linguistics and accounting leaves open the interpretation of the specific financial statement of MMT, balance sheet. A balance sheet, as a financial statement in an accounting system, provides a snapshot of transactions between different parties. To have a structuralist analysis of the balance sheet, one has to turn to Lévi-Strauss for the understanding of the series.

Lévi-Strauss defines kinship by breaking down its system into two different orders of reality: a "system of terminology" and a "system of attitudes" (2009, 37; 39). The system of terminology expresses the various positions or roles that define familial relationships within the community, whereas the system of attitudes expresses the sentiments one has for a person based on the role-defined relation s/he has with the person. "Father" in the system of terminology designates the position within the kinship structure of a male progenitor of offspring; while in the system of attitudes, the term designates the paternal authority afforded the father over his children.

In *How Wo We Recognize Structuralism*, Deleuze considers the two systems that Lévi-Strauss points out to be two series that form the structure of a system. The series each adheres to a different set of value-relation. For Lévi-Strauss's two series of kinship structure, the substantive "father" represents different relations in different series. In the system of terminology, it expresses a family relation, while in the system of attitudes a power relation. Because value is only expressed negatively in differential relations, each series represents a set of values within the system that is different from the rest. For Deleuze, the series of the structure does not simply reflect each other. "Indeed, the terms of each series are in themselves inseparable from the slippages or displacements that they undergo in relation to the terms of the other. They are thus inseparable from the variation of differential relations" (2012, 183). Each series is inseparable from other series in the constitution of the structure as a whole. The elements (terms) of a series may be shared by another series, but hold totally different values in the two series. Deleuze considers this differentiation of values within various series by the same element to be the displacement of series, which converges and winds different series for the creation of the structure. Such series of values occur not only in linguistics and in systems of kinship but also in financial statements, especially, balance sheets. The assets and liabilities (or net worth) are two series recording financial values. Considers that in his *A Treatise on Money,* Keynes proposes the idea that fiat money should be thought of as a debt. On the one hand, fiat money signifies a debt of the same value, establishing a relation between two parties; on the other hand, it can only be issued by particular financial institutions as debt, a promise exchangeable for the same monetary value. MMT elaborates upon the Keynesian concept of money to argue that each financial asset should be neutralized with a liability accordingly, which seems to suggest that financial assets and liabilities are series resembling each other, simply because the numbers on one side mirror those on the other. The structure of the liability as a series building on the series of assets, nevertheless is restricted by a twofold neutrality. On the one hand, the negative reflection of liability to asset within two parties of exchange, as in horizontal double bookkeeping, demonstrates the relation between the two parties: one as a creditor and the other as a debtor. On the other hand, vertical double bookkeeping, which ensures the balance of liabilities with assets within the same party, illustrates that money is not created without cost, even though the government and banks have the ability to create money, and every loan they give is equivalent to issuing of new money. The interdimensional operations between the two series constitute the quadruple-entry bookkeeping of the balance sheet, which ensures the clearance not only horizontally but vertically.

3. Money as the Master Signifier

Joseph Goux continues the structuralist analysis of symbolic economy. In his work, *Symbolic Economics: After Marx and Freud*, he synthesizes the Marxist theory of economics and psychoanalysis, and compares the gold standard currency with the Lacanian phallus for their symbolic value. Goux unfolds the homology between the gold standard and the phallus with two steps: a difference to the exchange with equivalence and a deferral of the eclipsed. However, Goux does not consider a more homological relation than that between the gold standard currency and the phallus–fiat money and the phallus. By adding a comparison between fiat money and the phallus, this section also provides a way of understanding the money pyramid in MMT through an analogy with Irigaray's phallocentrism.

What provides the basis for Goux's equalization of the gold standard from a Marxist view with the Lacanian phallus is an isomorphic structure that he observes from the Western civilization: "monotheistic, [...] monarchical [...] phallocentric and phallocratic [...], logocentric and logocratic [...] or finally, monetary and capitalist [...] these operations, the categories they produce, and the relation they impose (in every corner of every domain) are [...] isomorphic" (1990, 45). This isomorphic structure echoes Irigaray's critique on the structure of heteronormative phallocentrism, where man is at the center and the summit while woman subordinate to man can only be at the bounder and the base. Furthermore, concentrating on the shared feature of the gold stand and phallus, a centralization of a unique equivalent which everything else is subordinate to, Goux explains the mechanisms behind this isomorphic structure for both the gold standard and the phallus.

Goux concentrates on Lacan's texts to argue that the phallus is only important for the subject because of the Law prohibiting incest for the subject under the Name-of-the-Father. Correspondingly, the gold standard currency was legislated through The Gold Standard Act, approved by the Congress in 1900. "Just as the Name-of-the-Father comes to occupy the site of the Other and represents the law instituted by the Other, gold comes to occupy the place of the law regulating commercial values" (56). In both cases, the authority for the constitution of the value comes from the law by the authoritative Other. The gold standard is only in practice by legislative laws, no more different from linguistics. As Goux points out, "[i]f the father is the common denominator of the individual subjects and if proper names are transmitted though the father, if linguistics signs, by their very function of denominating, of articulating names or nouns, are the ultimate common denominators of all the world's sign," then the gold standard and the phallus share the similarity as the common denominators because of the legislative force, numerative or nominative, from the law of the father (in the case of the gold standard, the congress or the government, still resembles the patriarchal figure with utmost power) (38).

The homology between the mechanisms of the gold standard and phallus lies in the *différance* of value. *Différance*, which was coined by Derrida to demonstrate spatialization and temporalization, as two axes for a word, expresses the value of a word on the two axes. "The two apparently different values of *différance* are tied together [...]: to differ as discernibility, distinction, separation, diastem, spacing; and to defer as detour, relay, reserve, temporization" (1982, 18). However, for Goux, on the one hand, *différance* expresses a deferral of the ambivalent put under erasure; on the other hand, it establishes an exchange through difference. "In fact the prohibition of (the deferral or *différance*) use of the phallus occurs in two stages. It too is double: not only (as we have observed with gold) is its immediate use-value forbidden [...]; in a second phase, the prohibition extends to immediate exchange (barter) [...]" (1990, 37). The master signifier has no signified, and only functions as a convergence of other signifiers through exchanges. The gold standard as commodity currency follows the structure Marx lays out in the analysis of value in commodity, exchange value and use value, in the sense that gold expresses use value and the gold standard currency the exchange value. For Goux, the lack of signified for the phallus is equivalent to the eclipsed use of gold, which functions solely for the value of the gold standard currency in exchange. Insofar as a commodity establishes its price from the value of its relation with gold, such price can be exchanged with the gold standard currency but not gold itself.

Goux points out that in order for an exchange to happen, there must exist a general equivalency, as the common denominator, which takes the form of symbolization. "It is noteworthy by a specific mode of exchange, substitution, or more broadly, symbolization [...] is found in all domains where social exchange occurs" (79). However, this symbolization of the common denominator suggests that it owns the privilege of being at the center of a net with exchanges (a net of signification). "Supplanting the diversity of relationships among elements is this univocal, exclusive relationship to the general equivalence which magnetizes or funnels towards its ideal center all value relationships, making them its tributary rays" (45). One might consider this common denominator in the structure of a cone in Fig. 9. The exchange must align with the standard of the common denominator. In Irigaray's case, women are exchanged by men, the exchange relation between women is divided into relations between a woman and a man. The exchange of points at the base is through the summit, and the relation between the points at the base is divided into relations between each point and the summit. "Symbolic articulation is exposed by the very process of circulation, which 'idealizes' the general equivalency, abstracting the nominal (legal) content from the real content, until it operates only in conventional, arbitrary, and differential signs, pure representatives of a matter that is indifferent and wholly without force" (49). Goux expresses that the symbolization of general equivalency results in a conventional perpetuation, which is inseparable from the law that supports the symbolization of equivalency. Only for such a reason that Irigaray launches the critique on the authority of androcentrism.

For the equivalence of the symbolization, the sacrifice of the abstract and the ambitious is inevitable, which results in alienation. "In all cases (economy, politics, sexuality), it is the alienation that allows and enforces accession to the social norm and to the exchange it regulates according to a certain common evaluation" (56). This alienation resulting from the law first reflects in an abstract ambitious loss of the subject and then reappears as a universal equivalent. This process of loss and reemergence is what Goux calls counterinvestment. He explains the counterinvestment in both cases of the phallus and the gold standard:

> This agency [the Other] invoked by Lacanian formation is thus in isomorphic relation not only to the a prior of commercial circulation but also to the a priori of political exchanged, to the extent that, in the latter, the original loss the individual undergoes in acceding to social order resurfaces as value, just as the loss of unlimited satisfaction or pleasure recurs [...] as values, *jouissance* [...] under the warranty of the Other (55-6).

The loss of an individual in a commercial circulation reflects in the political economy as the abstract labour of which the worker is exploited in their alienation, then resurfaces in the commodity as its exchange value. Similarly, the subject incurs *jouissance*, a universal sensation only because s/he suffers from the symbolic castration, which is itself an unnamed loss for the subject. Goux establishes the isomorphic relation between the Marxist subject and the Lacanian subject in their loss from alienation. Only from the elimination of alienation can there emerge a substance of universal standard of value for exchange.

Citing Marx – "gold can only serve as the measure of values because it is itself a product of labour" (2019, 74) – Goux compares the function of gold with that of the phallus (both the organ and the signifier) to argue against the reduction to the symbolic states, because both the accumulation to gold and the pleasure of phallus cannot be ignored in reality. "The genitals, likewise (and conversely), can serve as erotic equivalent only insofar as they are themselves capable of giving pleasure" (1990, 51). However, this inability to reduce to the symbolic is only plausible when one considers the correspondence between the phallus and the gold standard, and is nullified under the equivalence between fiat money and the phallus. Even though the gold standard is not relevant to MMT, Goux's approach to economics with Lacanian theory of the phallus brings insight to the analysis of fiat money. Goux rightly points out Keynes's divergence from the gold standard to fiat money, but remains critical towards the mechanism of fiat money, in his *Coiners of Language*. "The only value signs have is the value conferred upon them by the law, and this value is at bottom an absence of value, since the paper note (a mere token) is not convertible" (1994, 128). Goux is not wrong that the value of fiat money is only issued by law. However, fiat money is not inconvertible to gold, but rather its value does not derive from its relation with gold.

Fiat money, on the other hand, is issued through governmental legislation, just as the gold standard, equivalent to the law of the father which castrates the phallus symbolically. Its *différance* of value also exists in two ways as those of the gold standard. Fiat money is just like the gold standard exchangeable for other commodities. However, fiat money differs from the gold standard, in that fiat money does not have a fixed exchange rate with any commodity, and rather has a symbolic value through the credibility of the government without any anchoring of value from a commodity. What is put under erasure for the value of fiat money is only the credibility of the government for its ability to create money. The creation of money by the government is not an accumulation of value and does not affect the value of the money directly, but only as a means to regulate and intervene in its value in a crisis. Such homology between phallus and fiat money would not result in the conflation between the organ and symbolic use of the phallus, because the lack of anchoring for the value of the fiat money would only make it abstract and detached from substance.

Goux argues that the gold standard is tantamount to descriptive language without mediation.

> The type of language that could be compared to gold money would be a full, adequate language [*un langage plein*]. In it and through it, the real would be conveyed without mediation, both as the objective reality of the external world and as the subjective reality of the internal world. This type of language would be expressive in its subjective aspect, relating to the soul and to others, and it would be *descriptive* in its aspect of relation to the external world (17).

This comparison between the gold standard and descriptive language without mediation, however, does not hold before fiat money. Rather, it is fiat money that is tantamount to a language without mediation. Goux rightly says that the gold standard currency is in exchange with gold for its value only eclipsing the use of gold. Even though it is gold that backs up the value of the currency, no one would consider the price in the unit of an ounce of gold, with the exchange rate of 35 dollars for an ounce of gold, but only in the unit of the currency. Hence, the gold standard currency itself is a medium that prevents gold from establishing a direct relation with another commodity. One must not forget that one of the reasons for the abolishment of the gold standard lies in the insufficient amount of gold in reserve for the government resulting in the deflation of the currency. The government's inability to intervene in the exchange rate between gold and the currency is exactly the cause of the mediation of gold. This argument of language without a medium is equivalent to the value of fiat money, which does not derive from any substance. However, this does not occur with fiat money due to the idea that a solvent government can create money without any cost. "The abstract law becomes the unshakeable guarantee of the absurdity of signifiers" (129). Even though with a criticizing attitude, Goux nevertheless establishes a homology between fiat money and empty signifier: the lack of a signified is equivalent to the lack of a commodity pegging the value of fiat money. The replacement of the gold standard with fiat money builds on the idea that all signifiers are empty signifiers. The government as the legislator of the currency only fills the void of the emptiness of the signifiers with what the currency generates its value relationally from, and only so does the credibility take the place of the gold for the value of the currency.

Moreover, one can also consider an homological relation between the phallus and fiat money through the demonstration of the cone structure in Fig. 9, along with the isomorphic structure that Goux subtracts from Western civilization. For Goux, what accompanies the centralization, symbolization, and sublimation of the gold standard is the exclusion, submission, and reduction of the commodity that must be converted to the gold standard (in exchange) for its value, which takes the form of price. The isomorphic relation between the phallus and fiat money coincides with Irigaray's structure of phallocentrism, where man is coded with phallus and woman the lack of the phallus. As demonstrated earlier, for Irigaray, the dividing of the exchange relation between women to the relations between women and men is structurally similar to the split of the relation at the bottom of the cone into a relation between the bottom and the summit of the cone, a relation between the border and the center of the cone. This is also reflected in the Money pyramid in Fig. 4, where the debt relation between two banks can be divided into the relations between the banks and the central bank (similarly, the debt relation between investors into relations between investors and the bank), because government debt has more credibility than the banks', than the nonbanks'. Structurally, the exchange between the bottom revolves around the top, even though it may take place without referring to the top, nevertheless can split into a relation with the top–a horizontal rotation of the base pivoting on the summit. However, the top-down structure of phallocentrism does not leave woman any agency in her relation to other women or to men, but the bottom-up structure of the money pyramid shows that the people are not entirely passive with their relations, because the people, at the bottom, only recourse to banks, that is, relations within the people is only split to the relations between the people and banks, when the former is in debt.

4. Symbolic Value of Fiat Currency

Goux's theory about the gold standard, which derives from a Marxist perspective, is inapplicable to MMT, because commodity money is only a simulation backed by gold, which reflects its clear exchange value, both in the market and also with gold, as opposed to fiat money, equivalence to a simulacrum detached from fixed value of commodity, only has ambiguous symbolic value. Baudrillard's divergence from Marxist on the analysis of political economy implies the failure of Marx, decentralized place of labour in the political economy, and, equivalently, the position of gold in the the gold standard. Hence fiat money should be an empty signifier, whose symbolic value stems only in relation to other signifiers. This section presents the effects of governmental policies on the symbolic value of fiat money, with a position for the reaction of people.

In Symbolic Economy and Death, Baudrillard considers the development of money from commodity money to fiat money as a shift from exchange value to symbolic value.

> Money is the first commodity to assume the status of a sign and to escape use-value. Henceforth, it intensifies the system of exchange-value, turning it into a visible sign, and in this way makes the transparency of the market [...] visible. Today, however, money sanctions a further step: it also escapes exchange-value. Freed from the market itself, it becomes an autonomous simulacrum, relieved of every message and every signification of exchange, becoming a message itself and exchanging amongst itself. Money is then no longer a commodity since it no longer contains any use-value or exchange-value, nor is it any longer a general equivalent, that is, it is no longer a mediating abstraction of the market (2017, 22).

He argues that money, in the gold standard era, is a commodity of simulation, which is relational to gold for its value. It is a sign but still associated with the value of a commodity, whose exchange rate reflects its exchange value. However, money gradually shifts from simulation to simulacrum, that is, in a fiat money system, money is a sign with no attached commodity for its value.

Baudrillard turns away from production to consumption, in postindustrial capitalism, the era of mass consumption, focusing on money as a means to consumption. “Consumption means an activity consisting of the systematic manipulation of signs” (2020, 200). It is reasonable that in the time of financial capitalism, one’s focus shifts from consumption to money creation and financialization of credit money. One can say the same about the creation of money through the government: an activity consisting of the systematic manipulation of signs. Fiat money is only a sign (signifier), whose symbolic value comes from the government's policies regarding it. Emphasizing on consumption and investment, Baudrillard argues that "currency, here, operates basically only as a *sign for something else*, a sign of industrial or commercial invested capital" (226). Fiat money is only a simulacrum (empty signifier), whose value is not generated from its relation with any attached commodities, but rather from its relation with other empty signifiers. Similarly, one can say that fiat money is a sign that only obtains its value from its use by the government and the people.

Since fiat money is only issued by the state, its value should simply be associated with the effects of the state's maneuver and the effects of the reaction from the people, the users of money, that is, its symbolic exchange value remains ambiguous even within the exchange. It is important, for the purpose of understanding the effects of policies on the symbolic value of the currency, to turn to the two kinds of policies that the government can implement: fiscal and monetary. Besides the difference between the two kinds of policies in economic nature, it is important, first, to address the psychological effects of these policies on the people. Before the implementation of a monetary policy, the central bank provides the public with forward guidance, relating to the communication about future monetary policy. The forward guidance can either based on time or the state of the economy. Under time-based guidance, the central bank commits to specific monetary policies for a period of time; while under state-based guidance, the central bank commits to policies for the purpose of the state of the economy. The first kind can take the form of a low interest rate for 1 year, while the second kind can take the form of a low interest rate until a specific unemployment rate is met. With the information about future monetary policies, people's reaction to the economy, influenced by the expectation of the interest rate, usually coincides with the expected trajectory of the government for the economy. For example, under state-based guidance, the central bank commits to a low interest rate for a higher employment rate. Investors would borrow more money from banks, due to this low interest rate, and expand their business, and in turn, hire more workers. One should not forget the money creation in MMT is a also bottom-up process, in which each loan the people lend from banks is new money created. Even though the policy itself does not change directly the value of the currency, but leads to a more productive economy. The government's proper use of the currency to regulate the economy affects the symbolic value of the currency, because it is only an empty signifier whose value is relation to other signifiers.

However, typically, with a higher employment rate, there must come a higher inflation rate, when the economy is below full potential.[3] Even under the same forward guidance, people may not want to spend as much as they have, due to inflation, and would hoard their money as deposits in banks. This act of hoarding money instead of investment for profit is due to what Keynes calls liquidity preference. Keynes explains this theory while examining the relationship between the interest rate of bonds in the open market and liquidity: people would prefer holding assets easily convertible into cash when they are uncertain of the future economy. Even though the government can set the interest rate of the fund market, there is still a place for the market to (re)adjust its interest rate by the transaction of bonds due to the expectation of interest rate. Fig.

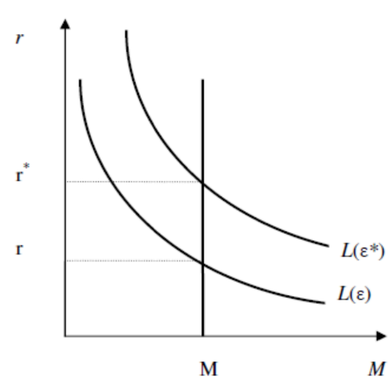
[3] However Hyman Minsky, through advancing MMT, advocates for the employer of last resort by the government to increase the employment rate without the rise of the inflation rate. For more information, see Randall Wray (2007).

10 depicts the effect of expectation on the relation between interest rate and liquidity assets, with M liquidity assets, r interest rate, and L expectation. The shift of L is the shift in liquidity preference, representing in the graph, a greater demand for liquid form, cash. Keynes concludes that "it is evident that the rate of interest is highly a psychological phenomenon. [...] But at a level above the rate with corresponds to full employment the long-term market rate of interest will depend, not only on currency policy of the monetary authority, but also on market expectations concerning its future policy" (2012, 202). The expectation of the people for a liquid form of money affects the symbolic value of the currency.

Regarding the influence on the symbolic value of the currency, the people are not only active, because, liquidity preference is based on their expectation of the future of the economy, but also reactive to government policy, depending on whether the policy is aligned with their expectations. One should not confuse inflation or interest rate with the symbolic value of the currency, because the latter is in an ambiguous state, which correlates with the people and the government's behavior regarding it based on the overall evaluation of the currency.

Fig. 10

The Effect of Expectation on the Relation between Interest Rate and Liquidity Assets



Note. From *Keynes's Monetary Theory of Interest*, by Tily, 2012, p. 63. BIS Paper No. 65c.

However, if the government finds the economy to be in a liquidity trap, a situation where people would prefer holding cash, or assets easily convertible to cash, than investing, and the monetary policy is insufficient to counter the effect of the liquidity trap on the economy–a deflation. This is when the government would implement another kind of policy, the fiscal policy, which operates through government spending and taxation. In a situation of the liquidity trap, the government can apply an expansionary fiscal policy, that is, a deficit in the government budget, an exceeding government spending than taxation. Government spending does not need to come from previous taxation, but rather the government can create money solely for the purpose of injecting it into the economy. The injection of money into the economy through government spending stimulates more people to spend and invest, and eventually prevents deflation. On the other hand, if there is too much spending from the private sector, exceeding its potential for growth, the government can carry out a contractionary fiscal policy, with more taxation than government spending, leading to an absorption of money from the private by the public. The effect of a contractionary policy may not be qualitatively reflected as the purchasing power, but definitely shows the qualitative shift from the desire to spend to the desire to hoard.

Even though the government can create money, the purpose of money creation is not to increase the value of assets as *telos*, but rather as *techne* to increase the well-being of the whole society. Both monetary and fiscal policies work together not only to increase the productivity of the whole economy but also to stabilize the economy from its turbulence. The symbolic value of a currency lies in the behaviors and the policies of the government regarding its currency, which in turn has psychological effects on the reevaluation of usages of money. The people also have a position, both active and reactive regain government policies, affecting the symbolic value of the currency. In order to further understand the symbolic value of fiat money, it is important to turn to the desire that it signifies.

5. The Flow of Money and the Phallus of Desire

The symbolic value of the currency is associated with the psychological effect on the use of money, to be more specific, the desire for money. Money creation, as an expression of desire on the balance sheet, is a theory Keynes came up with and Bernard Schimtt develops on. Although Schmitt is not associated with MMT, his theory is helpful in understanding the creation of money in MMT. Deleuze and Guattari advance Bernard Schmitt's theory of money, in their work, *Anti-Oedipus*, for the analysis of desire in capitalism. Lyotard responds to them regarding the flow of desire in the capital with the homology of economy and desire.

Bernard Schmitt, the founder of quantum macroeconomics, advances the Keynesian concept of money creation by the government through debt. Although he is not an MMT scholar, his interest is, nevertheless, in affinity with MMT, focusing on the sovereignty of government money and debt and the effect of government policies on the employment rate. He thinks the creation of money bifurcates into both negative money as debt and positive money as the new money created, which correlates to liabilities and assets on the balance sheet. "The lending of previously inexistent money: this is exactly the definition of a true creation (*ex nihilo*). Instead of transmitting a previously existing money, [...] the banks simultaneously induce a negative money (debt inscribed on their own liabilities) and a positive money (claim of the productive economy on the banks)" (1975, 235). The existence of money in reality already implies that the negative money and the positive money balance each other out on the balance sheet.

To understand the creation of positive money through negative money, it is important to draw from Irigaray's dialectics of phallocentrism, where the positive value of phallus is derived from the negative value of the lack of the phallus. The phallus derives its value in relation to the lack of the phallus, relying on the exclusion of the lack of the phallus. This exclusion is the operation on homogeneity suggest that the phallus and the lack of the phallus are not different in kind but in degree; and only so does the phallus establishes its value from the exclusion the lack of the phallus. The value of the lack of the phallus can only reflect negatively the value of the phallus, but not the other way around, because of the passivity of the former and the domination of the latter. Hence, similarly, on a balance sheet, the assets have value only from the exclusion of liabilities as a series, of which each entry is the constituent element, excluding liabilities as a series, in relation with liabilities, series, that is, assets and liabilities as entries must clear each other out, and liabilities (both as a series and entries) are only negative reflections of assets. With the help of structural analysis of the phallocentrism from Iriagray, one can understand further the idea of positive and negative money.

However, this theory of money creation has more implications than just structural analysis. Deleuze and Guattari take up Schmitt's theory of money and associate it with the idea of flow, for the reason that 'the general theory of society is a generalized theory of flows' (2001, 262). This idea of flow is not so different from what Keynes relies on for the theory of economics, because Deleuze explains that "Stocks and flows are the two fundamental concepts of modern political economy, as formulated by Keynes" (14). However, leaving aside the idea of stock, in the book, *Anti-Oedipus*, which Deleuze and Guattari work together, Deleuze argues that money always represents two kinds of flow, one the one hand a flow from the government by the creation of money, and the other hand, a reflow (reflux) from the people as purchasing power:

> An economist of the calibre of Bernard Schmitt finds strange lyrical words to characterize this flow of infinite debt: an instantaneous creative flow that the banks create spontaneously as a debt owing to themselves, a creation *ex nihilo* that, instead of transferring a pre-existing currency as means of payment, hollows out at one extreme of the full body a negative money (a debt entered as a liability of the banks), and projects at the other extreme a positive money (a credit granted the productive economy by the banks)—"a flow possessing a power of mutation" *that does not enter into income and is not assigned to purchases,* a pure availability, nonpossession and nonwealth. The other aspect of money represents the reflux, that is, the relationship that it assumes with goods as soon as it acquires a purchasing power through its distribution to workers or production factors, through its allotment in the form of incomes—a relationship that it loses as soon as the latter are converted into real goods (at which point everything recommences by means of a new production that will first come under the sway of the first aspect) (237-8).

Deleuze points out that the money the government creates takes the form of a "flow possessing the power of mutation" (237), not associated with wealth or purchase power, because it still only exists in the balance sheet as signs with the possibilities for actualization in reality, that is, transferred to the people or injected in the economy. On the other hand, once the money created is injected into the economy, and falls into the hands of the private sector, it becomes the money that can be used for exchange, in the form of spending, taxation, investment, and saving. The importance of flow is that it signifies the expression of desire in the economy, as Deleuze points out: "One of Keynes's contributions was the reintroduction of desire into the problem of money" (2001, 23). The flow and reflow, as what Deleuze calls, are both the expression of desire in the form of money. On the one hand, the flow, the money the government created, signifies the desire of the government to intervene and regulate the economy, through fiscal policies; on the other hand, the reflow of money from the private sector implies the desire of the people: if they expect the inflation to rise, they will save; if they expect the interest rate is high, they will invest. Deleuze summarizes the expression of desire through flows using Marxist language–“desire is part of the infrastructure” (1977, 104). Desire is in what Marx calls the material base of every social formation, or in the case of flow: desire flows in the economy, and the economy is the expression of desire. Deleuze points out the function of desire in the economy is to produce. “The order of desire is the order of production; all production is at once desiring-production and social production” (2001, 296). However, this production is not limited to the production of commodities, and it also refers to production as the growth in the economy, the growth of GDP, interest from savings, and the profit from investment, all expressions of flow.[4]

Even though Deleuze and Guattari oppose desire as the expression of libido, because they argue that desire is productive of new possibilities, whereas libido is only circulates in determined ways, however, Lyotard conceives it otherwise, thinking that every economy is a libidinal economy, because desire flows within it in his work *Libidinal Economy*. Both *Anti-oedipus* and *Libidinal Economy* are recognized as post-1968 works for the reinterpretation of psychoanalysis. Similar to Baudrillard’s change of interests, the protest in 1968 caused a shift of Lyotard’s ideology away from Marxism to semiology and the theory of libido. He revisits Freud’s idea of libidinal economy and transports it onto political economy. “There is as much libidinal intensity in capitalist exchange as in the alleged ‘symbolic’ exchange” (1993, 109). Not only does Lyotard depict a homology between economy and desire, but also their coexistence and correlation. Where there is economy, there is libidinal intensity; and where there is libido exchange, there is economic exchange.

[4] For more information, see Kerslake (2015).

Although the liabilities and assets clear each other out, as if the economy only advances nothing, one cannot ignore the creation of money as a substance. The clearance between assets and liabilities is only symbolic, while the creation of money has an effect beyond the symbolic field. Lyotard argues that the economy is a perpetuation of signs, this does not mean that it has no effect other than symbolic. “By making this advance of nothing, credit money in sum docs nothing more than complete the nature of the sign in the system, which is nothing other than to refer endlessly to other signs” (226). The referral of signs, the flow of money, is only an expression of desire, without which their movement as such would have no significance.

However, the economy not only expresses desire, but also stipulates it, and channels it to where it desires. Deleuze and Guattari are cautious about the signification of desire by signifiers. “From the moment desire is made to depend on the signifier, it is put back under the yoke of a despotism whose effect is castration, there where one recognizes the stroke of the signifier itself” (1977, 112). The realization of despotism from the signification of desire is not the danger of MMT, even though the latter advocates for the government’s control of desire through policies. A despotist government regulates the use of money only for the sake of accumulating wealth. However, the nature of policies for the government in MMT, as demonstrated in Section 4–intervention and regulation of the economy through fiscal and monetary policies–is nothing but regulating and directing the desire of the people towards the equilibrium of stabilization for the economy that the government foresees. The government still leaves the market with spontaneity, and functions only as a safe net for the market preventing it from failing. Section 4 illustrates that people’s decision on the use of money can have both positive and negative effects on the economy, or in other words, reinforcing and counteracting the effect of the government policies, and the people only do so due to their expectation of the future, out of self-interest. Maximizing profit out of self-interest is the only action of desire. Hence, if policies align with the desire of the people, they intensify the desire, otherwise, they diminish the desire (and increase the desire for the opposite). If the people want to save money instead of spending, an expansionary fiscal policy would decrease the desire for saving and increase the desire for spending. The economy expresses the desire, and reflects it on the balance sheet as changes of assets and liabilities. The whole economy is nothing more but an intricate interplay between the desire of the people and the desire of the government, the former as a force of self-interest, and the latter as a force of stabilizer.

Hence the entry on the balance sheet is not just an expression of desire but also an expression to regulate the desire of the people by the government. The first entry on the balance sheet already reveals what follows it, because of the sequential nature of the balance sheet, the quadruple-entry bookkeeping of clearance. Each *first* entry on the balance sheet should considered phallic in the Lacanian sense, not only because the entry, from any level of the money pyramid, is always related to the top of the money pyramid, the government, only reinforcing the authority of fiat currency, the law of the government; but also because it is signifies the desire of the party which makes such entry, functions as the catechesis of libido, just as the phallus also signifies the desire for the subject.

6. Conclusion

Hayoun maintains that the accounting system is a branch of semiology, and compares it with linguistics for their common characteristics. His comparative approach enables a semiological analysis of the balance sheet, as a type of financial statement within the accounting system, just as Marx with the theory of value enables a structuralist analysis of the political economy. Through Marx's and Lacan's theories, the structure of the gold standard, as an abstraction of the Western civilization, on which Goux launches criticism, parallels with the structure of phallocentrism, on which Irigaray launches criticism. This structure of the gold standard is only equivalent to the money pyramid of fiat money, insofar as the fiat money functions as an empty signifier, and derives its value from other empty signifiers, even though the government seems to be at the center and the top of the money pyramid. The government's legislation on fiat money does not change its initial state of emptiness. One should also understand that not only can the government create money through fiscal policy, but also the people can also create money through making loans from banks. The idea that each loan is money created aligns with post-Keynesian economist Bernard Schmitt's theory that an asset is positive money, which only derives its value from corresponding liability as negative money, clearing off the liability on the balance sheet. Deleuze elaborates on Schmitt's theory to argue for a correlation between money and desire in the economy. Lyotard responds to Deleuze, that the economy expresses desire through signs, by referring to the homology between desire and economy.

Conclusion

MMT resembles the structuralist theory in many ways. Both shift from the focus of the object to that of the representation (sign), and elaborates on the idea that value stems from the relation between signs. The money creation in MMT is a semiological operation on the balance sheet, reflecting the relations between signifiers. An asset only derives its value in relation to a corresponding liability, as its negative reflection. Each asset can represent new money created. Hence fiat money functions as the phallus, the master signifier, because it first appears as an entry on the balance sheet, reflecting the legislative power of the government at the top of the money pyramid, but also represents and regulates the desire of the users of money, who make such entry, equivalent to the signification of the phallus to the subject's desire, in the Lacanian perspective.

Structuralists like Deleuze and Lacan argue for a decentralized structure, with a void (lack) of the center. Although Lacan's master signifier, introduced by the Other, is at the center of all chains of signification, a normal subject realizes the lack of the Other, suggesting that the omnipotent Other which designates meanings to the master signifier does not exist. The Other only covers up the void with the master signifier. Similarly, for Goux, what (ful)fills this void is gold put under erasure, for the relational value of the gold standard currency. For Marx, it is the labour that holds for the decentered structure of the political economy. Irigaray, on the other hand, though criticizes the phallocentrism that Lacan advances, referring to woman as a decentered subject, does not provide an alternative decentered structure for a general subject. Baudrillard also opposes a subject assigning arbitrary meanings to words. Baudrillard's simulacrum, equivalent to an empty signifier, demonstrates the decentralized position because it only derives its symbolic value from its relation with other simulacra. For Lacan, it is only the master signifier that serves as an empty signifier. But Baudrillard argues that all signifiers are empty signifiers. Therefore, legislation on the empty signifier does not contradict its initial state of emptiness, but merely adds to it a layer of meaning, among many other layers developed from its relation with other empty signifiers.

Even though MMT situates at the center of the economy the government, which stabilizes economy through the fiscal and monetary policies, the credibility of the government covers up the void of decentralization that structuralist proposes, replacing the position of gold in the gold standard. Baudrillard's perspective of the empty signifier is helpful in the understanding of fiat money in MMT, because it reflects the situation after he turns away from Marxism and declares the end of the Marxist problem: the myths about labour and use value dissolve, after the death of Marx and the failure of Marxism in the 68; the myths about the spontaneous and decentered emergence disappear as well. Although this approach to structuralism seems heterodox, it, nevertheless, encapsulates the resemblance between MMT and structuralism. Therefore, MMT and post-Keynesian theories do not contradict the structuralist tradition, and complement it with the emptiness of signified and referent. This complement leads to the realization of a structure with two series sharing the same signifiers (elements). In one series, all signifiers are empty signifiers, whose relation with each other is only ambiguous; in the other, all signifiers relate to each other for their value. The two series operate together so that the signifiers from the second series exclude and designate one signifier as a master signifier from the first series preventing their infinite metonymic regression. Because two series share all signifiers in common, every signifier in this structure can potentially be considered as a master signifier.

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