

## THE DERIVATIVE CONDITION

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*The derivative condition explores the nature of the Contemporary understood through its respective relationship with Modern and Post-Modern Art to grasp how the distinguishing feature of our era becomes characterized as an infinite reproduction of contingency and risk that intimately mirrors the logic of financial capitalism. Undertaking a survey into the financial instruments of derivatives as vehicles for temporally mining the future and formalizing a globalized risk-economy, subjectivity also becomes another site transformed through their interpenetration into everyday life. Yet, through the emergence of blockchain technologies, it is evaluated here how their employment becomes a possible antidote to counter the corrosive effects of finance and to possibly seed alternative social-binding organizations and temporalities.*

Art and its connection to temporality has borne an inextricable, yet uneasy relation concerning what its role and operationalization means in the possibility of negating or being a comrade of time. It devises and deploys its chronocidal ruses, its attempted executions of rupture from tradition that manifest its conjuring powers, at one end to erase the past, and the other to discover the threads that weave the lineaments of a future to come. Yet, what concerns us here becomes how temporality in relation to the determinations that are constitutive of art and its production generate the very possibility to reflect upon the presentational qualities of a time to be identified and recreated.

It is precisely this concern of presentation that mirrors a shift, in relation to what is considered the distinctive features and timescapes, that the respective modalities of Modern, Post-Modern, and finally Contemporary Art produce. Modern Art became reflective of an alchemical laboratory, engineering futures to come or more poignantly “in which the finiteness of the present was seen as being potentially compensated for by the infinite time of the realized project: that

of an artwork, or a political utopia.”<sup>1</sup> Post-Modernism became a critical reflection or suspension of belief towards the promises promulgated by the grand narratives of the Modern project itself. Now, we find ourselves evermore petrified into an interminable presentness or nowness that is representative of the contemporary era. It is an era characterized by an infinite loop of repetition, suspension, postponement, and indefiniteness that at once bleeds into a future, yet a future yoked to a production of repetition of a present. Here, as Boris Groys identifies through Gilles Deleuze’s conception of “literal repetition,” the contemporary introduces and opens a radical shift in what is regarded as natural, changing, and developing, including natural law and moral law. “Therefore, it is practicing literal repetition that can be seen as initiating a rupture in the continuity of life by creating a non-historical excess of time through art. And this is the point at which art can indeed become truly contemporary.”<sup>2</sup>

It is here that we can confront what is characterized as the Contemporary, its impasse qualities that efface distinct time markers that divide and define past, present, and future or more precisely eliminating a particular temporality – a particular futurity – by a particular spatiality.<sup>3</sup>

Respectively, contemporaneity and for our purposes Contemporary Art operates according to what Peter Osborne posits as a “*disjunctive unity*”<sup>4</sup> of spacetime, encompassing a historical process that according to Osborne entails a projection of unity or the increasing uniformization of lives. They are in principle different but equally present to each other in some way, at some particular time. Nonetheless, they are distinctively caught up in a nexus of unique spatial, geopolitical, and social determiners that underline its qualitatively “disjunctive” character.

Suhail Malik, a fellow coterie and critic of contemporary art similarly diagnoses the cul-de-sac of contemporaneity bound up with a logic of indeterminacy.<sup>5</sup> Indeterminacy becomes encapsulated by the *laissez-faire* maxim that ‘anything can be art.’ Eschewing any boundaries for arts’ mode of presentation, content or medium of expression, or exhibition format underlies

1 Boris Groys, “Comrades of Time,” *e-flux journal*, 11 (December 2009): 04/11.

2 Groys 06/11.

3 Peter Osborne, “Temporalization as Transcendental Aesthetics: Avant-Garde, Modern, Contemporary,” *The Nordic Journal of Aesthetics*, 23.44-45 (2012-2013): 28-45.

4 Osborne 44.

5 Suhail Malik, *On the Necessity of Art’s Exit from the Contemporary Art* (Falmouth: Urbanomics, 2018).

the 'ubiquity' of the contemporary, one consonant with globalized capitalism girdling the globe to be 'anywhere, anytime.' An 'anywhere at anytime' ethos that is symptomatic of a new cultural topology of spaces, loops, relations, and interstices that unfold through the crumpled space-time layers of a network society. Moreover, it was through the rise of a neoliberal spatial grammar, which swallowed up non-places, derelict sites, non-art locations that a decoupling from the confines of institutional galleries towards an 'expanded situatedness' was also further solidified. It is an expanded situatedness that was regarded as democratizing the production, performance, non-specificity of site towards art and its reception that is representative of this shift towards the Contemporary.

Here, it is this spatial grammar, concomitant with art's "conceptual turn" undergone in the 1960's, that has also become a major plank for Contemporary Art's synonymous relation with the logic of late financial capital. It is a logic embedded in the process of abstraction initiated by conceptual art, underlined by Contemporary Art's further detachment from infrastructural and economic realities and dismantling of medium specificity. It becomes especially emphasized through the dissolution of an array of formal, material, or production-based criteria for art. Victoria Ivanova posits that what makes something considered an artwork in Contemporary Art hinges upon the informational framing and encoding of that entity. Ivanova affirms: "Given that framing is constituted and inscribed into the socio-institutional domain through information and its circulation, contemporary art is first and foremost a particular kind of informational landscape,"<sup>6</sup> subsuming it comfortably within the logic of the market.

Returning to Contemporary Art's logic of generic *anythingness* vis-à-vis art and its commensurate logic of indeterminacy; we can find how contemporary art aligns squarely with financial capitalism. Financial capitalism, an autonomization of markets from social formation, becomes a metastasizing force, increasing the reorganization of everyday life along the lines of financial markets, financial motives, financial institutions, and financial elites. This is brought to relief through derivatives and mutant forms of credit that have proliferated, further engendering a time-rift. Fundamentally, a rift between the locus of factory production, as a generator of value and the emergence of financial instruments that by themselves are delocalized and increasingly independent from the concrete site of the labour process.

<sup>6</sup> Victoria Ivanova, "Contemporary Art and Financialization: Two Approaches," *Finance and Society*, 2.2 (2016): 132.

Derivatives are simply defined as contracts that are designed by two parties, whose value is predicated on an agreed “underlying” which can consist of an entity, a commodity, or a financial index. Importantly, derivatives derive their price from fluctuations in the underlying asset, thus subject to market fluctuations and such potentially exogenous factors as weather, natural disasters and geopolitical turmoil where “[t]ime counts because the wager is on what the values of the underliers will be sometime in the future. Observe that the wager is on what happens to the relationship between the underliers – its relative variance or volatility – rather than what happens to the underlying assets themselves.”<sup>7</sup> For our conceptual purposes, we can encapsulate the significance of derivatives as complex time-binding tools, on a continuum with modernity’s distinctive and generalized condition that subjects the social-order to uncontrolled exposure to future contingency. Moreover, the derivative is further representative of the rationality of risk that begets a “recursive, circular and revisable” quasi-order of binding uncertainties. Overall, derivatives are a further advancement in reconstituting our sociotemporal binding that fashions our present state of the world as revisable or plastic. Therefore, the future is organized along the axis that renders its unknowability and inactuality as subject to being continually determined and made anew.<sup>8</sup>

We can extend into what Johnathan Beller has termed the “derivative condition,”<sup>9</sup> where the interpenetration of financialization into the everyday becomes caught up and programmed according to an extractive logic of indeterminacy via the derivative. Thus, if the Contemporary is a condition of ongoing negotiation of our present configuration, it also deploys the means to assail the site of subjectivity. Subjectivity becomes transformed according to the logic of the derivative, organized around wagering and hedging on a particular semiotic structure of a world.

Here, in addition to the matrix of automated, computational, and data-mining processes that continually transform subjects to be perpetually flexible and cognitive available to accrue social capital, we witness a social-technosphere suffused by “the currencies of ‘likes’ and the like” that “are one of the salient

<sup>7</sup> Edward LiPuma, *The Social Life of Financial Derivatives: Markets, Risk, and Time* (Durham, NC: Duke University Press, 2017) 39.

<sup>8</sup> Suhail Malik, “The Ontology of Finance: Price, Power, and the Arkhéderivative,” *Collapse Vol. VIII: Casino Real*, ed. Robin Mackay (Falmouth: Urbanomic, 2014) 629-811.

<sup>9</sup> Johnathan Beller, “The Derivative Machine,” *La Furia Umana*, 37 (2018), <http://www.lafuriaumana.it/index.php/70-lfu-37/899-jonathan-beller-the-derivative-machine>, accessed 19 December 2019.

features of the ways in which we (as individuals, individuals, cellularized intensities, whatever) are enjoined to wager in the programmable image to get ahead in the thoroughly financialized market of daily life that has become inseparable from sociality itself.”<sup>10</sup>

Yet, capitalism’s voracious appetite to breed what has been termed “novelty niches” or the capacity to seed novel behaviours, markets, currencies, technologies and institutional protocols potentiates localizations and sites of resistances. It is these localizations that capitalize on the contradictions produced by capitalism to combat against a universalization of market exchange. It also further lends ground to point to capitalism’s inherent deterritorializing tendency to simultaneously destroy and recreate axioms that are carried out by technologies imbued with the possibility of reconstituting our social time-binding. This very reconstitution plays out through the immanent possibility of technologies, particularly our focus on cryptocurrencies and their programmatic operations that follow the logic of derivatives, by making a claim over worlds that have yet to actualize in space and time. Respectively, it is within cryptocurrencies and particularly for our sake blockchain that inheres the possibility of the looping and recircuiting of temporal dynamics. This becomes carried out by an ensemble of protocols, softwares and scripting interfaces that strip away and potentially obsolesce the dominant mode of generating value in relation to time itself. The possibilities of hollowing out the subsumption of the art-form to commodification, where conventionally understood, the commodity operates as an index of time transformed into money. Furthermore, the determination of ‘value’ itself is generated and measured by time units such as hours or days that ostensibly reflect the labor production process.

Yet, through the morphing landscape of financial capital, this orthodox conception of the law of value or the valuation of labour becomes trounced by a need to counter more sophisticated instruments of abstraction and extraction. Here, blockchain bears merit in effectuating a move towards a decolonization from the extractivism of financial hegemony, epitomized by the likes of Robin Hood Co-op and its subsequent incarnation Economic Space Agency.

We can briefly outline the contours of an evolving techonomic timescape that weighs the consideration of whether blockchain contains the seeds to be an alternative protocol to the extant hierarchy of ‘value.’ Arguably, we can see blockchain as a springboard that attempts to pry open the possibility of

<sup>10</sup> Johnathan Beller, “Informatic Labor in the Age of Computational Capital,” *Lateral*, 5.1 (Spring 2016), <https://csalateral.org/issue/5-1/informatic-labor-computational-capital-beller/>, accessed 19 December 2019.

engineering outcomes, futures, and value regimes that are shaped according to protocol and collective software consensus-based decision-making.

Regarding the nature of blockchain and tokens, it is their utilization and function that echoes the very logic and property of the “derivative,” a logic tied up in its capability to again make a claim over event worlds that have yet to actualize in space and time. To unpack the significance of tokens, we can understand their role as peer-to-peer coded units of value that can not only represent cryptocurrency, yet also extend to any other kind of digital assets, which can comprise any digital representation of tradable commodities that range from physical objects such as gold, to computing power and cloud storage. Moreover, tokens harbour the possibilities for users and programmers to program the types of social and economic relations that inform the emergence of their ecosystem that in turn becomes a substrate for cryptocurrencies to build infrastructural dynamics. The further possibility of democratizing financial tools and a commitment towards an “abstraction without extraction” becomes ideally platformed. A platforming that enables the scripting of decentralized financial and social architectures that afford a form of opt-in sociality, value-determination, and “to design capital to determine specific actions.”<sup>11</sup>

Apropos of the nature of temporality, we also can highlight what is regarded as blockchain’s capacity to spawn and reconfigure its very nature, whether through “blocktime” or the capacity for forking. Now, as Rob Myers highlights time sheds its dependency on the external network of discrete and third-party, or our envelopment within the constellation of atomic clocks that are timed to the revolutions of the earth, to a blocktime. Time abides by the tune of accumulation of certainty, which is based on hashing power.<sup>12</sup> We can further etch out the differential nature of time apropos of its measure of value in blockchain by underscoring its reliance upon Central Processing Units and Graphic Processing Units that is constitutive of its proof of work. A proof of work that is contingent upon capturing value through the consumption of electrical energy and solving computationally complex and intensive puzzles for blocks to be added to the distributed database.

Blocktime is defined as the measure of the time it takes to produce a new block, or data file, in a blockchain network. Additionally, it is the length of time it takes to validate the existence of a new batch of bitcoins. Fundamentally, it

<sup>11</sup> Calum Bowden, “Forking in Time: Blockchains and a Political Economy of Absolute Succession,” *APRJA*, 7.1 (2018): 145.

<sup>12</sup> Rob Myers, “Blockchain Poetics,” *Artists Re:Thinking the Blockchain*, ed. Ruth Catlow et al. (London: Torque Editions and Furtherfield, 2017) 239-50.

warrants understanding and underlying how blocktime differs from a standard “empty time,” whereas the former can be convertible yet not reducible to it as a metric. Therefore, blocktime becomes specified in units of transaction block confirmation times, as opposed to minutes or hours such as a human time system. We can underscore that as previously pointed out, block confirmation times can be convertible to minutes, but these conversion metrics have the possibility to morph over time, for example, with block confirmations being of the scale and frequency to convert to micro-minutes or nano-minutes. Moreover, computer clocktime has a more variable landscape of timekeeping through discrete time, asynchronous time that differs from human physical and biological time. The increasing sophistication of smart contracting further enhances the prospect of temporality playing a more constitutive feature, through an array of possibilities such as time speed-ups, slow-downs, event-waiting and event-positing, that can track and monitor certain events or changes in the verification of states or conditions stipulated.<sup>13</sup>

Conversely, “forking” understood as the capability to shatter the irreversible time-sequence of blocks, by virtue of disagreements over consensus or the sequence of blocks, can fertilize a plurality of alternative temporal paths or outcomes. The two variants of forking known as “soft forking” and “hard forking” contain the possibility to retain a version of software known as “backwards compatible” such that new blocks can be accepted by nodes running the previous or old software. Or, there can be a new version of blockchain where a new set of consensus rules are introduced into the network, yet are not compatible with the older network, triggering fissures along the congeries of miners, developers, and users who can determine which software they will support. Building on the motley of timescapes possibility afforded by blocktime and computing, forking itself enables and becomes an engine for what Calum Bowden posits “nonsynchronicity” a possible antidote to our universally standardized and coordinated rubric of time. Nonsynchronicity becomes impregnated by multiple blockchains, and their alternative rules that cultivate variegated valuation and exchange systems.<sup>14</sup>

Germane to our purposes of interrogating the nature of art in relation to the contemporary stranglehold of ‘presentness,’ we can consider blockchain’s extant usage for purposes of not merely reproducing the conditions and production of

<sup>13</sup> Melanie Swan, “Blockchain Temporality: Smart Contract Time Specificity with Blocktime,” *Rule Technologies: Research, Tools, and Applications*, Conference Proceedings RuleML, ed. Jose Julio Alferes, et al. (Switzerland: Springer, 2016) 184-96.

<sup>14</sup> Bowden 146.

art confined to spaces and galleries as one index for its possibilities. Nonetheless, it is not a matter of merely regarding either blockchain or artistic practice as vehicles for each other. Rather, it remains integral to consider the implications of what technologies and what means we can utilize to carve out alternative time-binding structures linked up to the formalization and construction of 'futures.' Echoing the radical artificiality of literal repetition highlighted at the beginning of the essay, which is intrinsic to the nature of the contemporary, we can further ponder how the repetition of the production and circulation of different time-binding structures linked to value, hatches a break from the present.