The Confusion of Confusions:
Between Speculation and Eschatology

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Abstract
Noting that while our contemporary society vitally depends on global capital markets and financial speculation, these practices seem to conspicuously lack an aesthetic, moral or spiritual ground, this paper explores the “economic theology” of Joseph Penso de la Vega’s The Confusion of Confusions. Set in the context of the 17th-century Amsterdam community of conversos and the rise of the stock exchange spawned by the Dutch East India Company, the book compares the passions of the stock exchange to those of religion. De la Vega draws on the contemporary Messianic movement of Sabbateanism and the traditional Jewish Kabala. The anticipation of continued growth in share prices is allegorically associated with the religious movement’s expectation that the world would end and Sabbatai Zeti become the Messiah. Furthermore, De la Vega associates the shares with fragments of the cosmos by way of Philo’s reading of the Tower of Babel. The significance of de la Vega’s “economic theology” emerges from these sources: the financial speculator is an antinomian figure who, through the seeming chaos and perils of his ongoing speculation, must break the law in order to uphold it and regenerate the society. The end of the paper develops a conception of financial speculation after the death of God.

Keywords
The Confusion of Confusions, conversos, Joseph de la Vega, Dutch Colonialism, Chrematistike, Dutch East India Company, economic theology, financial speculation, Jewish Mysticism, Kabala, limpieza de sangre, marranos, Jewish Messianic Movement, Sabbatai Zevi, stock markets, Tower of Babel, 1687 ducaton crash, windhandel
Philosopher vs. Speculator

In the opening chapters of the *Politics*, Aristotle discusses the economic lives of households, which make up a city. He divides economic life into two domains, that of household management and that of exchange. Every object has a double nature: (I) its proper nature, fit for usage in a good life, and (II) its nature as an object of exchange (46). The object, Aristotle says, came into being for a proper use and not the derivative practice of exchange. However, there is still a form of excellence associated with the latter. Exchange “begins in a simple fashion” but “later, through experience, it becomes more a matter of art.” This *techne* is an “art of discerning” which objects can be exchanged for which (47). For Aristotle, then, *oeconomia* (“laws of the house”) is the *techne* (“art”) of good household management, while *chrematistike* is the more suspect art of exchange. The higher position of the former, and its more positive moral assessment, is tied to Aristotle’s inclination, following his teacher Plato, to place knowledge above experience. And yet these are still both arts (*techne*), if of different kinds.

In Western Europe this classical sense of the “art” of business, commerce, exchange, and financial speculation was still dominant in the Renaissance and the centuries following it. Especially in Northern Europe at the time of the Protestant Reformation, reflections upon the stock exchange and speculation were interlaced with classical allusion, moral exemplum, philosophical enquiry, aesthetic commentary, and literary panache. This style persisted into the Victorian period, which witnessed a proliferation of newspapers, pamphlets, and broadsheets devoted to both finance and the arts. These publications are even categorized by the British Museum as “aesthetic” literature. However, while in the 20th century quantitative

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1 All citations refer to Hermann Kellenbenz’s translation in Martin Fridson’s edited volume.
2 This line of thought will continue into the 20th century. Karl Polanyi will argue that labor and land are “fictitious commodities.” We act as if we believed they were created for exchange even though we know that life (i.e. labor) and nature (i.e. land) exist prior to exchange (72). The tenor of Aristotle and Polanyi’s critique differs from that of Marx, for whom exchange value is a fetish.
3 The author is thankful to Wlad Godzich for bringing this to his attention.
finance made steady advances, our sense of its being truly an “art” had already begun to be lost.

It could be argued that from Adam Smith onward economics has addressed itself primarily to studying the exchange function (Aristotle’s un-natural) while claiming for itself the appellation of the “natural,” that is, of “nature” itself. Thus although today chrematistike has been extended to cover all economic practices, including the free-market activity of mercantile exchanges, and we possess a highly advanced theory of speculation, there has been no parallel development in its humanistic study: the aesthetic component of financial speculation has receded as an object of intellectual and academic research. Consequently, market society and finance are perceived as inhuman and frightening.

Thus we arrive at the paradoxical condition of an economic being in a market society: there is no humanistic, aesthetic, or spiritual “ground” for the everyday practice that dominates our material life. The problem is that while those who deal in and with it every day may still see chrematistike as the art (the techne, skill) of speculation, of trading for its own sake (that is, for the sake of profit), conventional moral humanists, ultimately the children of both Hellenism⁴ and Hebraism (the Bible), have no use for economics inasmuch as it is a non-spiritual science. The “humanities” have no interest (no stake) in the navigation of labor, capital, and product markets. That portion of humanity, which still rebels against free markets, has at its disposal philosophy, art, religious thought, and historical studies (as primarily practiced by “the academy”) to reinforce its perspective.⁵ But those who embrace the creativity and freedom of market societies are bereft of any artistic or properly metaphysical support, with which they might make sense of their experience. Lacking such support, they may increasingly feel that—inasmuch as chrematistike had taken its only “ethical” justification from the field of oeconomia—this borrowed moral cloak grows evermore threadbare.⁶

Irrational exuberance has become a signature feature of investments, and an apparently insatiable desire to grow characterizes most commercial organizations.

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⁴ Greek philosophy as we see it in Aristotle’s fundamental priority to nature and oeconomia.

⁵ The course catalog of any large private or public university testifies to the range of profound and serious intellectual pursuits across all academic disciplines open to students critical of markets. Those attuned to the place of markets in contemporary life can find nothing outside of economics Departments, and even little there to “feed the soul.”

⁶ This may seem slightly ironic since, while the parameters of modern economics were set by the oeconomia of households (which dealt with the marshalling of resources and handling of estates), modern economics has developed as a mathematical science of optimal decisions regarding the management of scarce resources, which is vitally tied to practices of trade, of commerce, and exchange (chrematistike).
These extravagant tendencies do not jibe with Aristotle’s naturalization of oeconomia. Within “the limited market structure of antiquity, where the city trader all too frequently exploited the country peasant,” the aversion to speculation was perhaps warranted (Heilbroner and Milberg 22). But today we live in a world of speculation; we “live among speculators.” Dramatic elevations in global trade and currency movements have broadened the scope of financial speculation. Capital markets today reach deeper into the economy, even into personal economic life, than ever before.7 Risks are parcelled, sorted, and shifted among governments, corporations, and individuals. There is scarcely an aspect of human life that cannot be tweaked by financial instruments which at times seem to maneuver on the very borders of life and death, as with various forms of “insurance” that allow speculation on your own mortality.8 Yet speculative finance is not considered an “art” in the ancient Greek philosophical sense.9

However, if it was oeconomia’s fate to become the science of modern quantitative economics, it could have been chrematistike’s (here perhaps we speculate) to evolve into a counterbalancing humanistic discipline: speculation in the economy serves the same role as imagination in philosophy, linking form and matter. But sadly, that path was not taken. A corrective for this condition may be found by going back deeper into the history of financial markets to a 1688 tract by Joseph Penso de la Vega entitled The Confusion of Confusions (hereafter Confusions). Confusions is the earliest known treatise describing the operations of the Amsterdam bourse—the first true stock exchange in history—and the first modern stock market crash. It is written as a dialogue between a merchant, a shareholder, and a philosopher. While De la Vega cautions that “it is not proper for a philosopher to speculate” (155), he proceeds to speculate (in all senses of the term) wildly. The driving force behind this paper, then, is the contention that such an “economic theology” is particularly relevant to our globalized or globalizing “late capitalist” society in which financial speculation has become an unavoidable element of human experience.

7 BIS Quarterly Review for the 2nd quarter of 2005 indicates a global trade in derivatives of $372 trillion, some thirty times greater than the annual GDP of the United States. See also Shiller 2003 and Strong 1994.

8 Viatical payments to the terminally-ill are only the most recent invention. The early Dutch Republic pioneered the use of mortality statistics to determine the price of lifetime annuities, essentially making the state a speculator on the lifespan of its citizens (Hacking 40).

9 This Greek (and Renaissance) sense of art associates it with Plato’s kalos, “beauty” as an absolute eidos (idea, form)—one which we must move up to, in the Symposium, from the level of physical beauty—rather than with his techne (art) as mere “copy of copies” or Aristotle’s techne with its more pragmatic sense.
The style of De la Vega’s prose may be characterized by “cerise if not purple passages” (Kellenbenz 137). But the judgment of many commentators that the author is doing nothing more than adding literary flourishes to his anecdotal description of the stock exchange miss the deeper significance of De la Vega’s work. *The Confusion of Confusions* elaborates a comprehensive economic theology, drawing from several religious movements, especially the Messianic movements known as Sabbateanism. The passions of the exchange are seen as being akin to religious ecstasy. The “swift rise and sudden collapse of the Sabbatean movement in 1665 and 1666” (Scholem 288) is traceable to a remarkable series of actions by the professed Messiah. Sabbatai Zevi was captured and brought before the Turkish Sultan, who maintained military control over Palestine during this period. The Sultan offered Sabbatai Zevi a choice—either to stand by his claims to be the Messiah and to face death, or to convert to Islam, be spared, and enjoy rich material rewards. Sabbatai Zevi opted to save his own life and accepted conversion to Islam. His “believers” were now confronted with an enigmatic paradox: what do you do when your Messiah becomes an apostate?

De la Vega associates the false faith in the apostate messiah Sabbatai Zevi with the false expectation of riches to be earned on the stock exchange. The dashing of messianic hopes is associated with the stock market crash. The eschatological process is interrupted before fulfilling its promise. After Zevi’s conversion (and apostasy) some of his followers make an effort to explain his actions as the behavior of an antinomian “Holy Sinner.” The figure of the “Holy Sinner” is one who must break the law in order to save the law. Closely tied to these religious associations, the actual shares of the Dutch East India Company are seen allegorically as fragments of the cosmos, now being traded and rearranged on the “exchange.” This image goes back to the 1st century and Philo of Jerusalem’s reading of the biblical Tower of Babel story in terms of a “confusion of confusions.” For Philo, God’s fragmentation of human languages was ultimately for the purpose of purification of mankind, overcoming evil, not punishment of mankind. It is also related to the Kabalistic notion of the Breaking of the Vessels: our present cosmos (world) is the fragmentation of an earlier order, but God will reorder these fragments to create a new order, a new world.

The financial speculator is, in fact, an antinomian figure who, through the seeming chaos and perils of his ongoing speculation, must break the law—transgress the present socio-economic “order”—in order to “uphold” it. This figure has the power to regenerate society, to create a new and more prosperous society. The speculator’s operations repeat in the material world the operation of the holy
sinner in the metaphysical or spiritual world; reordering our fragmented cosmos into a more just and more harmonious one. In the final sections of the paper, the metaphysical implications of this economic theology of “confusion” are further explored in terms of recent critical theory.

De la Vega as Humanist and Converso

Joseph Penso de la Vega was a polyglot Portuguese Jew living in Dutch-speaking Calvinist Amsterdam. Combining his vocation as a stockbroker on the Amsterdam exchange with a literary avocation, he wrote plays, poems, and prose in Spanish and Hebrew. In the prologue to his collected writings *Rumbos peligrosos* (*Dangerous Travels*) he confides: “I have robbed some hours from sleep and usurped some time from commerce in order to publish eight books which have piled up.”¹⁰ De la Vega steals surreal images as well as time from his sleep to coin such odd quips as “he deals in shares as though they were custard” (De la Vega 160). In *Confusions* he uses a dialogue between three speakers representing different interests or occupations, a dramatic technique with a long literary pedigree.¹¹

The Amsterdam exchange described in *The Confusion of Confusions* offers De la Vega a rich setting and potent theme. His mix of worldly experience and aesthetic aspirations led him to embellish what was originally intended as an instruction manual for stock operators, turning it into a curious and unique treatise on the place of finance in an ethical life. The book sets out to describe how one may be an honest merchant and an ethical shareholder in the markets. De la Vega may criticize the exchange, but he knew its workings from the inside “and is said to have lost and regained his fortune five times” (Bloom 191). Having himself suffered financial distress from excessive speculations, *Confusions* also gives De la Vega a chance to warn his younger brothers, David and Rafael, fledgling brokers in London, against the temptation to speculate. As such, it is part of a tidal wave of printed material in the Low Countries during the 17th century that warns against financial speculation, associating it with the forces of evil and/or (perhaps the same thing) the forces of chaos. This preoccupation crops up in literary essays, political tracts, pamphlets, and even government documents.

¹⁰ From the prologue to *Rumbos Peligrosos* (qtd. in Bodian 94, 189).
¹¹ The dialogue genre was used by Plato as a conceit for philosophic investigation and used for moral instruction by Petrarch and Erasmus during the Renaissance. The blending of strategic vision with practical tactics and an overarching intellectual project into a dialogue is anticipated by Niccolo Machiavelli. De la Vega also displays the influence of Spanish authors, such as Marquess of Santilla, Juan de Valdes, and Cervantes (Kellenbenz 133).
The admiration for Confusions on the part of professional financial practitioners and amateur investors has led to an emphasis on its nuts-and-bolts descriptions of stock market swindles and manipulations. The detailed accounts of long and short positions taken, spreading rumors, countermoves, and “market cabals” are eerily prophetic of the shenanigans of traders and speculators in our own time. But if we are attentive to its florid metaphors and philosophical digressions, and if we dare to speculate on their meaning, Confusions offers a glimpse into the mind and worldview of a profound thinker trying to reconcile financial speculations with the meaning of life.

After all, De la Vega was observing the Amsterdam exchange from a particular ethnic and cultural vantage point. He was a member of the Portuguese Jewish community in Amsterdam called the nuevo cristianos, conversos, or marranos, Jews who been forced to convert, or who were automatically “converted” at birth, to Christianity. This permanent minority group of recent and hereditary converts developed a culture that was strongly influenced by the emergent Spanish society, yet never fully accepted by it. And although the conversos kept up certain Jewish folkways, they often did so with little understanding of rabbinic law or contact with other Jewish communities lest they be accused of backsliding into Judaism. The status of the conversos occasioned a confusion and re-conception of Spanish ideas regarding pedigree and descent. Successful conversos married into aristocratic families, in time acquiring land and titles. But they

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12 In the summer of 1391, a particularly intense spasm of anti-Jewish riots began to enflame the Iberian Peninsula. Many Jews were baptized as Christians out of fear for life. But unlike earlier groups of converts, either forced or of their own volition, the conversos were not assimilated into the broader Christian culture. Not only were they marked as converts, and treated as suspect, but their status became hereditary. Hence, the apparent paradox that an infant could be baptized at birth, raised as a Christian, and yet retain the stigma of a convert, a nuevo cristiano. Among other Jews they were referred to in Hebrew as anussim, “the forced ones.” Over the next century the number of conversos would swell as newly baptized Jews and the descendants of those from earlier generations had the label attached to them (Bodian 6; Yovel 16).

13 The result was a critical reinterpretation of crypto-Judaism that may be exemplified by the conversos’ re-imagination of calendar holidays. Purim, a minor holiday, was elevated in importance to a major one, and the largely symbolic single evening fast turned into a three-night ritual. The underlying story from the biblical Book of Esther makes it clear why conversos found this holy day so appealing. Esther, the beautiful heroine, is compelled to conceal her Jewish identity for a long period of time in the harem of the Persian king. When she at last reveals her true identity, she does so to save her people from a violent end. Hamann, the wicked advisor to the king, gets his comeuppance and the Jews are given dominion over their enemies. The conversos, like Esther, looked ahead to the day when their masquerade could end (Bodian 10).
always remained tainted, *maculados*, *notados*, or *manchados*. The year 1492 witnessed a culmination of this seething anti-Semitism with the expulsion of unconverted Jews from Spain. “Many of the purely nominal Christians, the *cristianos nuevos*, as they were called in Spain, joined their more stiff-backed brethren in these pilgrimages” (Kellenbenz 125). The De la Vega family moved to Portugal where they remained until 1536 when, harassed by the Inquisition, they resettled in Spain. The family stayed in Spain until 1630 when they immigrated again, this time to the Low Countries. De la Vega’s father, Isaac Penso, ran afoul of the Inquisition during his final years in Spain. He spent time in prison and swore that if ever released he would return to the faith of Abraham. Isaac Penso resettled for a time in Hamburg where he rose in the esteem of the Jewish community and was selected as *parnass* in 1655. Shortly thereafter he took his family, including his young son, and found a final home in Amsterdam (Kellenbenz 125-28).

The peripatetic wanderings of the De la Vega family echoed the migratory patterns of the *conversos* community. In the early 17th century, business opportunities and comparative religious freedom beckoned *conversos* toward the rebellious Dutch republic. The earliest notarized record of a Jewish merchant in Amsterdam is found in 1595 for one Manuel Rodriguez Vega (Bodian 28). By 1603 there was established Jewish worship in Amsterdam. The Jews of Amsterdam modeled their community and governance upon the successful Jewish community in Venice. Unlike Venice, however, indeed unlike most European cities of the day,
there was no ghetto in Amsterdam. The small Jewish community (in 1672 there were only 7,500 out of a city of 200,000) benefited from the decentralization of power in the republic (Schama 590, 592). No restrictions were enforced limiting locations of residence for Jews. The professional guilds of the city were not so welcoming. An Amsterdam decree of 29 March 1632 forbade Jews to practice any occupation engaged in by the local guilds (Kellenbenz 126). One arena to which their entry was not barred was the fledgling stock exchange. The bourse was considered a fringe and somewhat illicit, though necessary, institution. By 1701, the Description of Holland written by an Englishman stated that “Jews are the chief in that Trade (stock speculation), and are said to negotiate 17 parts in 20” of shares traded in the East India Company (Kellenbenz 128). Jews served as both sworn brokers, regulated by the state and prohibited from trading on their own accounts, and free brokers, technically unregulated but answerable to the parnassim if their activities strayed from the ethical norm.

The dual identity of the conversos, who professed one faith and practiced another, has a characteristic counterpart in the double meanings woven into their writings. For those further influenced by Kabalistic mysticism (as we shall see was the case for De la Vega) there is an implied unity to apparent oppositions. The most significant concepts “can only be named in a metaphorical sense and with the help of words which, mystically speaking, are not real names at all” (De la Vega 147). We see this in De la Vega’s florid prose description of “the enigmatic business” at the exchange.

[It is] at once the fairest and the most deceitful in Europe, the noblest and most infamous in the world, the finest and the most vulgar on the earth. It is a quintessence of academic learning and a paragon of fraudulence; it is a touchstone for the intelligent and a tombstone for the audacious, a treasury of usefulness and a source of disaster. (147)

The exchange matches buyers and sellers, it unifies opposites, and so it can posses a host of seemingly contradictory attributes. It can also reverse qualities in its speculative mirror. When one is cheated by a speculator, it is as if “my peace [is] turned into unrest, my calmness into despair, my awe into mockery, my knowledge into ignorance, my equanimity into frenzy, [and] my respect into abuse” (170).

of parnassim would choose their successors, ensuring the continuity of an elite dominance in the Jewish community (Bodian 33-34, 111).
Speculation against the State

From the beginning the political state and the Dutch East India Company were intertwined; the states of Holland had lent more than a hundred guns and small artillery to the company’s early colonial merchant ships (Bruijn et al. 2). If there is no difference between the state and the market, then to be a speculator against the market is also to be an enemy of the state. The stock exchange proper was spawned by the demand for the trading of a single security, stock in the Vereinigte Oostindische Compagnie (VOC) or Dutch East India Company. The origins of the VOC lay in the intrepid Dutch merchants (and some-time pirates) who plied their trade on the Baltic and Atlantic coasts. The Dutch became acclimated to a much broader cohort of owners in trading ventures since it was cheaper and easier for a broad swatch of society to invest in these small-scale expeditions. Consequently, they developed the organizational and financial structures necessary to separate those owners who would make executive decisions from those who would merely share the profits.

The consolidated business model the Dutch advocated was the complete inverse of the approach of the Portuguese, with whom the Dutch jockeyed for control over lucrative spice routes. The Dutch vested the trading monopoly with a private firm, the Portuguese crown kept its monopoly for itself; the Dutch states expected the VOC to pay for naval defensive convoys and mercenaries out of their profits, the Portuguese crown charged merchants for protection via tolls and taxes; most significant, the Dutch hungered to engage in the nitty-gritty details of trade themselves, while the Portuguese farmed out the grubby business and preferred the aristocratic prerogative of collecting rents (Bruijn et al. 4). The Company achieved its wealth and power by focusing on trading of commodities from “the Indies” instead of shuttling back and forth on the Baltic Sea. The eastern trading center and entrepôts of the VOC multiplied rapidly. Forts, factories and local governments were established in Ternate, Ambon, Banda, the Coromandel Coast, Ceylon, Malacca, Makassar, the eastern coast of Java, and the Cape of Good Hope (Bruijn et al. 121). Headquaters were established at Batavia where the opulence of the buildings deceptively covered festering infections fed by the vast system of sugar plantations (Bruijn et al. 123).

The charter enjoyed by the VOC granted it sovereign and plenipotentiary power. It could negotiate and sign treaties with rulers of Asian countries; it could appoint governors of territories and cities; it could coin its own money; it could build fortifications, enlist soldiers and carry out military campaigns. The structure
and organization of the VOC under the forty-six clauses of its charter allowed it to operate like a state within a state. The *participanten* (shareholders) were the commoners, they put up the initial funds but had no control of the company. Although they expected to receive dividends quickly when the firm prospered, they soon discovered that even the decisions of how and when to distribute profits were beyond their control. The first dividend was paid out in 1610; unfortunately for shareholders the Company was sitting atop a glut of certain spices and paid the dividend out in sacks of mace. It is unlikely that there was enough mulled wine in the entire city to put this dividend to good use. De la Vega noted that “the dividends are sometimes paid in cloves” (De la Vega 149). In some years, dividends were paid in pepper sacks.

The *bewindhebbers* (corporate directors) were the aristocrats. So much so, that at one point it was necessary for the States of Zeeland to issue a proclamation that directorships would not be hereditary. The *bewindhebbers* held a claim on one percent of every shipment brought to shore. Towering above them all, striding the corridors of power, were the *Heren Zeventien* (“the gentleman seventeen”) selected on a rotating basis from among the *bewindhebbers* (Bruijn et al. 11). When William III was proclaimed *stadholder* in 1672 the *Heren Zeventien* were quick to let him dip his snout in the company’s trough, and assures his non-interference with VOC activities, by awarding him in 1674 an one-thirty-third part share of all dividends (Bruijn et al. 14). When William eventually acceded to the throne in England, he brought his interest in financial markets with him and encouraged their formation in London.

The VOC took the epic step of establishing a permanent capital base in 1602, several decades earlier than their rival the English East India Company, which did not develop a comparable basis until 1642. Prior Dutch shipping ventures were financed separately for each transoceanic voyage embarked upon. At the end of the round trip to Asia, cargo would be sold, costs deducted, and shareholders paid back their initial investment (or as much as still remained) and a *pro rata* share of any profits. A new round of financing would have to be undertaken before another voyage could be planned. The existence of a permanent capital stock, in which the owners would commit their funds for an indefinite, perhaps infinite, time frame initiated the development of more permanent and effective administration, beneficial economies of scale and scope, and advantageous access to additional financing (Barron-Baskin and Miranti 57). “(T)he ending of ecclesiastical bans on usury allowed trading companies to concentrate capital more effectively through financial leverage” (Barron-Baskin and Miranti 70). As the VOC required
additional funding, it could acquire it through the issuance of debt instruments rather than diluting equity control over the enterprise (Baskin and Barron 57).\(^\text{17}\)

The States of Holland were both direct and indirect beneficiaries of the ever more elaborate equity/debt structure of the VOC. Directly, the state could sell—or compel the purchase of—its own debt to the VOC which was always flush with money. Indirectly, the company’s continual financial operations deepened the overall capital markets and honed their ability to float both private and public debt issues. The VOC prospered in this gestalt with the state. Its vast holdings of government paper made it an even more credit-worthy borrower in the eyes of lenders. All the machinations of the company took on a patina of state sponsorship, while “the charisma of national power” reassured investors (Barron-Baskin and Miranti 83).

The success of the significantly smaller Low Countries in their revolt against the might of Spain, a kingdom fed by gold influxes from mines in the New World, is due in large measure to financial innovations. Cheap borrowing costs let the Dutch maintain an eighty-year war of attrition, punctuated by the Twelve-year truce, until Spanish ambitions were thwarted. The institutional development of public banks in the Netherlands perfected the successful mating of republican governance and bond markets that Genoa and Florence had pioneered and Venice advanced to the next level with its chartering of the *Banco della Piazza di Rialto* in 1587 (Ferguson 109). With the launch of the *Amsterdamse Wisselbank* in 1609 more expensive short-term government war loans were converted into fixed-term and lifetime annuities that found eager buyers among the *nouveau riche* merchant class of the city.

The Italian model of citizenship and finance was adapted by the Dutch and, later and more extensively, by the English. The city-states of Italy understood “a citizen [to be by definition] a creditor of the state” (Macdonald 74). The key financial technology was a system of public credit that allowed the state to borrow from its own citizens and finance long standing armies. The conception that “a bank never paid an army, or paying an army, became no bank” (qtd. in Pocock 412) was rapidly outdated by the bankruptcy of princes who paid their soldiers out of pocket or patrimony during the Thirty Years War compared to the success of the Dutch model. Paramount to the Dutch system of internal borrowing, managing a state that was also a bank, was the trust and credulity of the citizenry. Credit became the most vital national security resource. A pamphlet of the 1630’s argued that “even if the country has no money, it still has its credit, and the enemy has neither funds nor

\(^{17}\) In the early years of the VOC these tended to be short-term (3 to 12 months) bonds. After 1655 the VOC took on longer term debt that more than doubled its operating capital.
credit, [so] that I could not deny that we might wear out the enemy through this war, because this land has sufficient funds” (qtd. in Macdonald 152).

The testament to the power of credit in liberating the Dutch can be found in the pattern of interest rates during the years of conflict from 1572-1648. The yield on Dutch bonds and annuities fell from 20% in the 1570s when interest payments were postponed, to 8% in the 1580’s to 5% in the 1630’s and down to 3% in the post-war 1670’s (Ferguson 172; ‘T Hart et al. 18). Bear in mind that this precipitous decline in the cost of Dutch borrowing was accompanied by a massive increase in the amount of outstanding debt. Defying the intuitive principles of finance at the time, the Dutch became more credit worthy the more that they borrowed. The achievement is more remarkable when we note that the republican debt markets of Venice and Florence had collapsed under the weight of their own military adventures and repayable taxes. The ongoing costs of war wrecked the Spanish economy. Despite their colonial riches, by 1650 Castille had a per capita debt of 650 grams of silver and the kingdom went into bankruptcy, unable to borrow any further. By the same date, the Dutch had a per capita debt of 1,663 grams of silver per person, and yet their economy stayed aloft and flourished (Macdonald 152).

In such an environment, when credit was more vital than armaments, to speculate upon government debt would be akin to espionage if practiced by outsiders or treason if indulged in by citizens. Fortunately, during the vital early years of the revolt debt was held by the most stalwart citizens of the republic and little secondary trading occurred. Since there was no secondary market for Dutch government bonds (they could not be transferred between private parties) these bonds were useless for speculation. As a consequence, almost all the public sector debt obligations were owned by the initial subscribers: institutions of civil society, political elites, and the trustees of large estates.

But the growth of the VOC and its attendant capital markets disrupted this tranquility in government paper. The similarities, indeed the identity, between the VOC and the republic lead speculators against one to direct their efforts against both. Often, those who are bullish in VOC shares are also committed to shoring up the par value of the republic’s debt. De la Vega points out that the bears or contremines, who try to profit from a decline in share price, do not limit their activity to the VOC shares. The bears also impugn the credibility of the government and suggest that wars or civil disorder are imminent. The bears try to create evidence to back their rumors by selling government obligations. These sales disrupt and depress the market for bonds, suggesting that difficulties are not confined to the VOC but are endemic to both the economy and polity. “This
recourse to selling long and short term state obligations may seem to be of small importance for the business [in stocks], but whoever thinks so is in error. . . . Our speculators [in this case the bulls] are paralyzed in their stock dealings and are bled by their engagements in state bonds, [all because of a trumped up allegation of a] situation perilous to the country, dangers threatening the Company, and a breakdown of the share market” (De la Vega 196).

The republic and the parties of order are not neutral, nor are their interests symmetrically balanced on the upside and downside, when it comes to trading in the VOC. Speculative attacks on the company that try to push share values downward are a danger to the health of the state, but upward share values pose no threat. The state had chartered the VOC, and the VOC in turn underwrote the state.

The VOC was the largest single employer in the Republic, in the 1660s expending more than 3 million guilders annually on payroll, close to 1 million in the Republic itself, and the rest at sea and abroad (where the majority of its employees, until the end of the seventeenth century, were Dutch. In addition, during the same period, the Company spent 1.2 million guilders in domestic commodity purchases, including trade goods, shipbuilding materials, and provisions. (Greenfeld 77)

Speculators, particularly bearish speculators who sold short, acted as a sort of acid upon the very foundation of the republic.

The traders on the stock exchange engaged in a practice with the ethereal name of the windhandel, the trading of wind. One of the great advantages of the Amsterdam commodity exchange system was the ability to settle transactions for delivery in the future. Herring could be bought before they were caught, and cocoa, coffee and grain purchased before they were grown (‘T Hart et al. 53). Strategically this was a benefit to both buyers and seller. The buyer could lock in a price and more predictably plan their distributions and shipment. The seller could hedge the uncertainties and vagaries of weather or business conditions and slough off some of the risk they faced.

The Estates General issued a ban on short selling or windhandel, that is to say, the selling of shares not in hand, on February 27th of 1610. The ban was repeated and promulgated again in 1621, 1623, 1624, 1630, 1636, and 1677 (Kellenbenz 134-35). The recurrent and insistent reissuance of this ordinance underscores the fact that it was honored far more in the breach than in daily practice. Despite the
compelling legal command not to sell short, the entire mechanism of trading VOC
shares on the exchange was based upon short sales. Since there were no certificates
to change hands, one had to sell short, even if it was only until both parties could
find their way to the Company offices to solemnize a reassignment of ownership.
The orderliness of the system improved a bit following the introduction of the
rescontre, a three-month liquidation term to periodically settle accounts even if the
VOC ledgers were not open (‘T Hart et al. 55). The paradox remained: short sales
were necessary to maintain a liquid market for the VOC shares, yet short selling
was expressly prohibited. Speculation was forbidden by law, but it was essential to
maintain the state that enforced that law.

The speculator was an antinomian; a lawbreaker without whom the law could
not exist. The most famous of these speculators was Isaac le Maire. Isaac le Maire
organized a syndicate or cabal to aggressively drive down the price of VOC shares.
The company would be forced to disburse some of its profits as dividends in order
to reinflate the stock’s value, or risk the shares becoming so cheap that someone
would gobble them up and take control of the VOC. Le Maire’s operation spanned
the years 1608-1610. During this time the trading value fell from 300% of par (or
face value) down to 130% of par. Le Maire employed rumormongering and
aggressive short selling to devastating effect. The state responded with the edict
previously mentioned that banned “especially the windhandel, that is, the dealing in
shares that were not in the possession of the seller” (Kellenbenz 134-35).

Le Maire had run afoul of both church and state in earlier years, his zealous
Calvinism getting him into nearly as much trouble with the local moderate
Protestant divines as it had with the Catholic Church, he was fined and denied
communion by the Amsterdam consistory in 1604-5. The tribunal forced him to sell
his sixty thousand guilder share in the VOC and banned him from engaging in
independent expeditions to the East Indies passing through the Straits of Magellan
even before he initiated his bear raid. After the government intervention, many of
the bears were bankrupted and some convicted of fraud, while Le Maire was sent
into exile and his ships confiscated (Schama 339). Undaunted, Le Maire organized
the Australia Company and in 1615 outfitted a group of ships, commanded by his
son Jakob and Willem Corneliszoen Schouten to seek an alternative passage to the
Indies. They succeeded by discovering the Drake Passage around the southern tip of
South America. Unfortunately, Le Maire’s son died on the return voyage. The ships
had been seized at Batavia by VOC officials who would not believe that an alternative route had been found which did not violate the Company patent.\textsuperscript{18}

Despite his colorful career as an explorer and adventurer, it was his flamboyant and profligate losses as a speculator that Le Mair considered most central to his identity. His epitaph read:

Here lies Isaac le Maire, merchant, who during his affairs throughout the world, by the grace of God, has known much abundance and has lost in thirty years (excepting his honor) over 1,500,000 guilders.
Died as a Christian 30 September 1624. (qtd. in Schama 289)

Why revel in financial losses and seem to claim more pride in them than in successful commercial ventures? The answer lies in the Calvinist transformation of the idea of Purgatory. The medievalist Jacques le Goff argues that “Purgatory, by making the salvation of the usurer possible, contributed to the birth of capitalism” (Le Goff, \textit{The Birth of Purgatory} 305). A spiritual system of accountancy springs up alongside the commercial one during the thirteenth century, “a century obsessed with keeping accounts” (Le Goff, \textit{Your Money or Your Life} 71). The profits that the usurer has undeservedly stolen must be expiated before he can enter Heaven. Purgatory provides an intermediary place for the soul of the repentant usurer to dwell while the accounts of his life are audited. His sins may then be bought off, either through restitution made by his family to past victims of usury, or the prayers and intercession of the Saints. A strict tally of misbegotten gains must be kept by the usurer in life so that profits can be subtracted away after his death. Any sinful gains that the usurer does not \textit{cough up (evomat)} during his life or waiting time in Purgatory he will be compelled to \textit{cough up (emovet)} after sentencing to the torments of Hell (Le Goff, \textit{Your Money or Your Life} 80).

Catholic Purgatory serves then as both a liminal state between Heaven and Hell, but, more importantly for economic sinners, as a second chance to make amends and restitution. Calvinist doctrine of predestination takes direct aim at Catholic teachings regarding Purgatory, indulgences and the intercession of Saints or the Virgin Mary. For the Calvinists, such secondary mechanisms of redemption dilute and disparage the only true source of salvation, the passion and crucifixion of Christ. So there is no Purgatory for the Calvinist; no second chance to audit the

books. A merchant, particularly a wheeler-dealer like Isaac Le Maire, must be particularly careful not to overstep the bounds of what were acceptable interest charges.

Le Maire’s epitaph points out a crucial emendation to Max Weber’s theory of the origins of capitalism from within Calvinist theology. The “sumnum bonum” of the Protestant ethic in Weber’s analysis is the “earning of more and more money, combined with the strict avoidance of all spontaneous enjoyment of life” (Weber 18). These two factors—unrestrained acquisitiveness and limited consumption—combine to cause “the inevitable practical result accumulation of capital through ascetic compulsion to save” (Weber 116). Worldly success serves as a sign of election, a sign that one is predestined for salvation. But the accumulation of capital was only one side of the balance sheet. The “conscientious Puritan continually supervised his own state of grace” methodically calculating with “the religious account books in which sins, temptations, and progress made in grace were entered and tabulated” (Weber 76). The wreck of his fortune was a handy means to amortize any ill-gotten gains. Le Maire’s epitaph creates a tax shelter against sin.

When the VOC finally collapsed, at the cusp of the 19th century, the state absorbed its debt, completing a terminal de jure union of the company and the state. Yet in its heyday the Company was omnipresent, near omniscient, some “call the Company the tree of the knowledge of good and evil, such as exists in Paradise, because it is kept informed of everything that happens along all the branches [of its interests]” (De la Vega 150). In the end, the Verenigde Oostindische Compagnie would find its acronym reconfigured as a final jest: the VOC—Vergann Onder Corruptie—“ruined by corruption.”

**Of Market Cabals and Kabala**

De la Vega’s metaphors are sometimes thought to be overly flowery and superfluous. But there is a pattern of imagery in *Confusions* congruent with that in the Lurianic Kabala, suggesting its author’s sensitivity to the religious and messianic elements of share speculation. To see this we first would need to delve a little more deeply into De la Vega’s own theological background. In 1673 he composed his first literary work. It was a play written in Hebrew in 1667 when De la Vega was only seventeen, and entitled *Asire ha Tikwah* (*The Prisoner of Hope*). It was heralded as “the beginning of a new epoch in Hebrew poetry” (Kellenbenz 130). The time of its composition corresponded with a messianic fervor that gripped the Amsterdam Jewish community beginning in 1665. In that year a religious
scholar in Jerusalem named Nathan of Gaza announced the relatively unknown wise-man Sabbatai Zevi to be the Messiah. Sabbatai Zevi soon proclaimed himself as the Messiah and began inspiring devotees, first in the Holy Land and then across Europe. The title of the play mimics the Gnostic and then Sabbatean “idea of the imprisonment of the Messiah in the realm of evil and impurity” (Scholem 298-99). The concept of a “prisoner of hope” corresponds precisely to the Sabbatean claim that the Messiah (the hope of the world) suffered and was tortured in the prison of the flesh. These torments were taken to explain the manic-depressive episodes, which Sabbatai Zevi experienced.

A number of leaders in the Amsterdam Jewish community committed themselves to Sabbateanism, and it is likely that De la Vega himself also did so. 19 The conversos community was after all particularly susceptible to the appeal of Sabbateanism: their Christian past created a concern with salvation rather than strict observance of the Law of Moses (Yovel 121).20 This salvation-oriented bias tended to make cristianos nuevos amenable to chiliastic (millenarian) movements that challenged established Jewish orthodoxy. As a precursor of the Jewish Enlightenment, “Sabbateanism represents the first serious revolt in Judaism since the Middle Ages.” The Sabbatean insurrection was grounded in a mystical critique, “the first case of mystical ideas leading directly to the disintegration of Orthodox Judaism” (Scholem 199). The Sabbateans’ converso experience of hidden identity and exile became elevated into a metaphysical truth. Sabbateanism offered “a mystical interpretation of the fact of exile with an equally mystical theory of the path to redemption” (Scholem 287). The conversos’ “theme” of concealed Jewish identity, followed by restoration and reprisal for harm done, was already evident in the biblical Esther narrative. More subtly, the theme plays itself out theologically after the expulsions of the Jews from Spain and Portugal. Gershom Scholem explains:

After the Exodus from Spain, Kabbalism underwent a complete transformation. A catastrophe of this dimension, which uprooted one

19 Their ranks, including “major figures, merchants, and rabbis alike,” were “gripped with messianic fervor.” Isaac Aboab De Fonseca, a leading rabbi and thinker, was among those who enthusiastically joined the movement. This same Chachem Aboab was the spiritual advisor to the De la Vega family and delivered the commemorative discourse on the death of Joseph’s father Isaac De la Vega. This close linkage of an important proponent of Sabbateanism with the family, along with the timing of the plays composition, its title, and Joseph’s youthful enthusiasm for a “new epoch” all suggest that Joseph De la Vega was himself a Sabbatean, or at the least, strongly influenced by the movement during a formative period of his life (Bodian 122; Kellenbenz 129).

20 Antinomianism in the Christian tradition begins with Paul of Tarsus. Paul’s epistles argue that one need not follow the Mosaic laws of Judaism in order to be a Christian.
of the main branches of the Jewish people, could hardly take place without affecting every sphere of Jewish life and feeling. In the great material and spiritual upheaval of that crisis, Kabbalism established its claim to spiritual domination in Judaism. This fact became immediately obvious in its transformation from an esoteric to a popular doctrine. (287)

The pain of exile and wandering came to be understood as a mystical experience as well as a worldly one. According to Scholem, “the horrors of Exile were mirrored in the Kabalistic doctrine of metempsychosis, which now won immense popularity by stressing the various stages of the soul’s exile” (250). Just as the Jews and cristianos nuevos reinvented the Purim holiday during their persecuted sojourn among the Spaniards, they reinvented Kabbala after their expulsion.

The many social and political movements aimed at ending the Jews’ double exile, both from Spain and from the Holy Land following the destruction of the temple, were thus necessarily mystical movements. As a result, the mystic writings of the Kabala “became the authentic voice[s] of the people in the crisis produced by the banishment from Spain” (Scholem 250). Wedded to the two political-geo-graphic exiles of the conversos was a third, spiritual exile, or more precisely, a mystical-allegorical one, for the homecoming now anticipated by the Jews was “not so much the end of that exile which began with the destruction of the Temple, [but] rather the end of that inner exile of all creatures which began when the father of mankind was driven out of paradise” (Scholem 305). This original expulsion, the so-called Exile of the Shekinah, became the paradigm for understanding the horrors of worldly exile. The many legs of the journey of worldly exile were reconceived as stages of the soul’s exile in the Kabalistic doctrine of metempsychosis, the trans-migration of souls. Just as the greatest misfortune that could befall a Jew whose family survived the Inquisition and made his way to Amsterdam would be expulsion from the Jewish community,21 so too, in the words of Scholem, “the most terrible fate that could befall any soul—far more ghastly than the torments of hell—was to be ‘outcast’ or naked, a state precluding . . . rebirth or even admission to hell” (250).

This series of unique experiences of banishment brought conversos like De la Vega to think of themselves as “exiles within an exile” who faced “self-alienation, involving a measure of conscious responsibility” (Yovel 23). The heady mix of exile, self-alienation, guilt, and hope for redemption caused “the Marranos [to grow]

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21 Such was the fate of Baruch Spinoza.
into a special hybrid phenomenon—perhaps even *sui generis*—creating its own phenomenological category” (Yovel 23). The pains of exile were amplified by nagging guilt over the abandonment of the faith of their fathers. Their situation heightened the *conversos*’ need to expiate guilt and achieve salvation. For such people, “the idea of the apostate Messiah could be presented . . . as the religious glorification of the very act which continued to torment their own conscience” (Scholem 309). Sabbatai Zevi’s forced conversion mirrored the *conversos*’ own conversions and elevated the act into a holy duty. The consequence of this phenomenon was a set of nihilistic religious ideas. After their founder’s apostasy, the Sabbateans were understood to espouse “a voluntary *marranism,*” a self-imposed exile and rejection of Judaism. The implicit slogan of those who abandoned the Jewish faith in the name of a Jewish redemption was: “We must all descend into the realm of evil in order to vanquish it from within” (Scholem 315).

The realm of evil is the prison to which even the Messiah is confined. For the Sabbatean believer, the restless manic-depressive illness of Sabbatai Zevi is a consequence of this confinement. The redemption comes only when the Messiah who has descended into the realm of evil “liberates the sparks from their captivity or . . . force[s] open the prison doors from within” (Scholem 311). The commitment to become evil in order to subvert it from within is a species of theological antinomianism. The more extreme antinomian may break the law in order to save the law, and indeed believes that only through transgression of the law can its promise be fulfilled.22 This form of antinomianism, as both a conceptual framework and a pattern of actions, reinterprets the Messiah as a kind of “holy sinner.” Even before Sabbatai Zevi’s conversion there were latent traces of antinomianism detectable in his activities. These small violations of the law tended to take place when Zevi was in the manic phase of his bipolar personality. His followers gave these acts “the restrained yet significant name *maasim zarim,* ‘strange or paradoxical actions’” (Scholem 291). After the conversion the Christianity, Sabbatineans gave such antinomian events a “quasi sacramental character . . . which always takes the form of a ritual” (Scholem 300).

Yet “holy sinners” is exactly what financial speculators became in 17th-century Amsterdam. De la Vega’s shareholder in *Confusions* describes a hell-like 22 In this case the antinomian notion that Christians are liberated from the observation of moral laws when God’s saving grace is active is combined with the idea that, since God “willed sin” in the world as well as “goodness,” it would be presumptuous to resist it. A variation on this is the early-Christian-era Gnostic belief that it was the Demiurge and not God who created the “moral law,” and thus it is our duty to actively disobey this law and obey only the true law, God’s law, which promises salvation through God’s grace.
prison analogous to the one Zevi’s Messiah must descend into, in order to “open the prison doors from within” and “liberate the sparks from their captivity,” yet this prison is a completely worldly one. “It is a great error,” the shareholder warns, “to assume that you can withdraw from the exchange.” The stock exchange is the pit, the realm of evil: “he who has once entered the charmed circle of the exchange is in eternal agitation and sits in a prison the key of which lies in the ocean and the bars of which are never opened” (*Confusions* 173). Here De la Vega returns to the image of his earliest published work: a trader on the exchange is like the Messiah in Kabalistic mysticism and also like De la Vega’s own father in the hands of the Inquisition—that is, he is a “Prisoner of Hope.” However, it is important to note that while the financial speculators’ activities officially violated the law, they were nonetheless vital to the maintenance of the lawful capitalist order. Still, the existence of the speculator, like that of the “holy sinner,” by in effect “speculating beyond it” and thus “putting it at risk,” puts into question the existing order. Scholem even suggests that “to be called a Sabbatean was . . . equivalent, so far as the effect on ordinary public opinion was concerned, to [being] termed an anarchist or nihilist in the second half of the nineteenth [century]” (Scholem 300). Indeed, the 19th-century French socialist Proudhon will compare financial speculators to anarchists (Proudhon 36).

It was of course just the manipulations of the Amsterdam stock exchange by these “holy sinners,” which put the existing social order at risk or left it open to potential instability—as in the losing of money by individuals or, on a more “apocalyptic” scale, the collapse of the state—that provoked De la Vega’s condemnation in *Confusions*. When bearish speculators lent money to potential buyers of stock just before pushing down the price of shares, the author called it “a devilish trick since, as it were, immortality is promised and death is given” (194). Indeed, to promise immortality and deliver death is exactly what the legalists and other defenders of “law and order” would say the anarchist, and other types of “holy sinner” given to criminal acts, are doing. In the case of the “evil” financial broker or speculator, of course, the paradise promised is that of great wealth and the death is that of going broke.

**Confusion and Eschatology**

The word “confusion” employed by De la Vega has at least three meanings—or, there are at least three “confusions”—which might be analyzed as financial, temporal, and theological, though of course we may also see them as combined
(confused) together into one. The financial sense has to do with the crash of the Amsterdam stock market in 1687. In fact the proximate cause of De la Vega’s writing of Confusions was a spectacular flare up of trading volatility in Dutch East India Company (Vereinigte Oostindische Compaignie or VOC) shares brought about by the introduction of a new security, the ducaton share. Part of the initial success of the VOC had been the broad based and democratic nature of its ownership. But the long hardscrabble climb of the stock had left ownership of even a single share beyond the means of most investors. Traders on the Bourse responded to this dilemma by creating (inventing might be a better word) the ducaton share. Each ducaton traded in conventional units of 50 pounds Flemish, about 1/10 the par value of a true VOC share. The discounted price of ducatons brought those with lesser means back into the trading of shares. If low face values were the only distinctive attributes of ducatons the story might have ended there. But ducatons were also imaginary or fictitious shares. What this meant was that not only would ownership not transfer immediately, shares would never change hands. Since no delivery was expected, ducaton transactions functioned as a play on the difference between the price one bought and sold at. “The speculators thought in terms of the difference between what one anticipated and what actually occurred: the “difference” between what one agreed to pay, to sell at, to deliver stock at, or to receive it, and what one found at the stipulated time to have become the prevailing value” (Kellenbenz 141-42).

The “confusion” in De la Vega’s title may also be understood temporally, as referring to a “year.” In the Roman calendar a transitional year—which we might

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23 That is, with a very small amount of money put down as a margin, small speculators could experience all the upside and downside risks and rewards without ever actually owning anything. Instead, accounts would be settled up on the first of the month and fortunate speculators could then collect their earnings. Of course, even a tiny fluctuation in price could easily wipe out the small margins, leaving the speculator with nothing, except perhaps a massive debt. A pamphlet of 1645, Discours op verscheyde voorlaghen rakende d’oost en West-Indische trafiken, had critiqued the windhandel by referring to it as inventie, a fabrication or fantasy (De Marchi 50). In the parlance of the time, inventie referred to trade practices that were unusual or exceptional, outside the norm (De Marchi 59). The plural, inventiën, denotes a collection of such practices, as in a manipulation or swindle. For a financial matter to be inventive was a term of derision. The imaginary ducaton shares were thus doubly disreputable; that no product changed hands made them ethereal, but the inventiveness of their creation marked them as trickery. We can witness in the ducaton controversy a more general distrust of the role of imagination or invention in commerce even though imagination always plays a role in financial transactions. The imagination conjures up expected rewards to whet the appetite of a buyer, and colors in the darkest shades of an outcome to motivate sellers. We buy hope, we sell fear; but we imagine before doing either. Yet the power of imagination to generate entirely new matter often leads to misgivings.
compare with our current “leap year”\textsuperscript{24}—would be inserted to balance the inconsistent lunar year with the constant astronomical year of 365 days and 6 hours. That year would be named the “Year of Confusions.” And De la Vega believed that 1687, when the ducaton shares crashed, was also “a year of confusions for many unlucky speculators declared in one voice that the present crisis was a labyrinth of labyrinths, the terror of terrors, the confusion of confusions” (210). The year of confusions was a temporal blur; it fell between past and future but was not the present. The messianic expectations placed on the stock market in the past had been unfulfilled, but the future remained uncertain. The year of confusion came after the market’s fall, but before a judgment re-evaluating the East India Company’s prospects. Even while pointing at a Roman meaning for his title, De la Vega hints at its connection back to the Tower of Babel story by having the speculators “declare in one voice” their judgment of the present crisis. This consolidated voice is unusual at the exchange where De la Vega often “thought I was at the Tower of Babel when I heard the confusion of tongues and the mixture of languages on the stock exchange” (166).\textsuperscript{25}

De la Vega, then, wrote a tract to make sense of the first modern stock market crash, and he found a model for the euphoria and dashed hopes of the stock market’s booms and busts in his own youthful brush with Sabbateanism. Being a Sabbatean meant believing in a Messiah and expecting his immanent arrival, his appearance in the world, only to see such hopes dashed and this Messiah become an apostate. Similarly, experiencing the stock market crash meant believing in share appreciation through speculation and expecting to make a (material) fortune, only to see such hopes dashed. Twenty years after the meteoric rise and fall of Sabbatai Zevi, then, De la Vega tried to make sense of the 1687 ducaton crash by seeing it as a secularized version of frustrated Messianism. He remarked on the “terrible cruelty” of speculators who “make pass for an accomplished fact not only what was going to happen, but even things that could only possibly occur” (209). Yet this “terrible cruelty” could also refer to the Sabbateans, who treated as “an accomplished fact” the salvational eschatology of the Messiah and an “end of the world” that “could only possibly occur.”

Carl Schmitt’s thesis that “all significant concepts of the state are secularized theological concepts” must be enlarged to include the codicil that major economic

\textsuperscript{24} And the notion of a “leap of faith”—Kierkegaard describes this via Abraham’s willingness to obey God’s command to kill his son Isaac, that is, via Abraham’s “teleological suspension of the ethical”—may even seem to fit the notion of speculator who, before or at the time of the “crash,” becomes an antinomian, one who goes beyond conventional morality to “be with God.”

\textsuperscript{25} And here the heaven-pointing Tower is strikingly brought “back down to earth.”
concepts are also secularized theology (Schmitt 37). Writing in the wake of a market crash, De la Vega interprets these events in the material-financial world as an apocalypse that was interrupted, delayed, and unfulfilled. His Sabbatean background had already prepared him for a market crash by illustrating what it felt like to be swept up in a mystical-religious fervor and then lose all hope of redemption. De la Vega also interpreted the Dutch East India Company theologically, comparing it with the “tree of knowledge of good and evil” (in the Garden of Eden in Genesis) because it was so “well-informed” (150). This fits, at least if we identify “the company” with “the world” or “world age,” the Kabalistic scheme in which there are two trees, the tree of knowledge of good and evil that “dominates our world age and the ‘tree of life’ which is to preside over the coming Messianic aeon” (Scholem 180). This Kabalistic schematic connects eschatology with theodicy: the healing of the world will come with the defeat of evil in/of the world. Thus, while the pedagogical purpose of The Confusion of Confusions is to teach the ways of the exchange to man, it is also to caution against the evils of (financial) speculation.

Kabalistic images form a leitmotif that runs throughout Confusions. The title of the work itself alludes to the history of Jewish thought. The third, essentially “spatial” sense of Confusions is intimately tied to Biblical history. The third referent of De la Vega’s title is that biblical “punishment” meted out in Genesis following the construction of the Tower of Babel. When God sees that all the tribes (peoples) have joined in building a tower that can reach up to heaven—thus in effect trespassing upon His own realm—he decides to prevent this challenge and punish the perpetrators. In the Biblical passage God says, “Let us go down and confuse their language there, so that each may not understand the voice of his neighbor” (Genesis 11:1). By preventing communication among the would-be builders God prevents the construction of the tower and also gives man a lasting punishment, for mankind will now be divided into many ethno-linguistic groups and war will be inevitable.

The traditional Hebrew interpretation of the Babel story stems from the writings of Philo of Alexandria, which served as a locus for subsequent discussions of Babel’s significance in Jewish thought. Philo entitled his first century A.D. exegesis of the story De Confusione Linguarum, “on the Confusion of tongues.” Philo places considerable importance on the term “Confusion,” which comes to be the name for the tower (“Babel”). During the time of Philo’s writing, “Confusion”

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26 Actually “Babel” is derived from Babylon, roughly the location of the Tower in the Genesis story. (And the Pentateuch, beginning with Genesis, was likely written while the Jews were living in Babylonia (the “Babylonian captivity”). Thus “Babel” only later came to mean (through association) “confusion” [Editor’s Note].
was a technical term from chemistry with a precise meaning (Godzich 222). Philo argues that “confusing” languages is a different procedure than mixing, combining, or separating. Mixtures can be unmixed, and that which is separated can be rejoined, but confusion lasts forever since the confusion of a substance:

is the destruction of all the original distinctive qualities, owing to their component parts penetrating one another at every point, so as to generate one thing wholly different, as is the case in that composition of the physicians which they call the tetrapharmacon. (Philo 251)

In other words, while the surface meaning of the allegory suggests that an original, unified, Adamic language devolved into the separate tongues of the Greeks, Hebrews, and barbarians, this is not what “confusion” refers to for Philo. He argues, “confusion is the destruction of simple powers for the production of one concrete power; but division is the dissection of one thing into many parts” (251). The confusion of languages does not divide mankind into linguistic enclaves; rather, it destroys each individual part of the wickedness demonstrated in building the tower. The individual parts of evil are rendered “deaf and dumb” so that they may not act in unison. But the confusion also makes possible “the harmony of the virtues” by creating a new, concrete power in the service of God rather than wickedness (Philo 252). Therefore, a “confusion of confusions” is not the undoing of an initial scattering. It is the second order derivative; it is an “exile within an exile,” a further confusion of that which is already confused in order to “generates one thing wholly different.” God’s own confusion of confusions is directed towards the overcoming of evil. The primary point of the Tower of Babel story for Philo, then, is not to give a folkloric explanation for the origin or diversity of mankind’s languages, or even to show how God punishes man when man trespasses upon God’s territory. Rather, it is to correct the failings within humanity that motivated the building of the Tower. The purpose of the “confusion” is to generate a new harmony, a new goodness out of the evil already implicit in the human spirit’s potential fragmentation, as evidenced by the human desire to build the Tower.

De la Vega’s text draws imagery from Philo’s writing but also, more directly, from the Kabbalistic writings of Isaac Luria. For Isaac Luria, the great 16th century writer of Jewish mystical texts, the “decisive turning point in the cosmological process” is the Breaking of the Vessels (Scholem 268). Our present cosmos is disordered because it was created from the destruction, the fragmentation of a previous cosmological order (the Breaking of the Vessels). The salvation of the
world will come through a *Tikkun*, a restitution and reintegration of these fragments. Furthermore, for De la Vega the fragmenting of Dutch East India Company shares into smaller *ducaton* shares repeats the original shattering that brought Evil into the world. He explains, “when a mirror is broken, each piece of crystal remains a mirror, the only difference being that small mirrors reflect one’s countenance in miniature and the larger ones in larger size” (185). Just so that there can be no doubt about the meaning of his allegory, De la Vega goes on to state that “stock shares are similar to mirrors.” The troubles on the exchange came about when speculators (the term also suggests a mirror or *speculum*) divided up the East India shares:

> Fearful persons broke this mirror and cut the crystal into pieces by agreeing to regard each 500 pounds of the large shares as 5,000 small ones. They intended thereby to moderate the trade, but they managed merely to make many transactions out of one, and from one mirror, many. (186)

The attempt to alleviate risk by “fearful persons” only amplified the dangers of the exchange. Their own fear is reflected back as they “stiffen in amazement” at “seeing themselves fly by” in the crystal shards. The shattering of the mirror, the dividing of the *ducaton*, the Breaking of the Vessels, all manage “to make many transactions out of one” (186). This fragmentation is the cause of evil in the world, to be overcome by a restoration of the original whole. As with Philo’s interpretation of God’s “confusion” of all the human languages (making of them a “Babel”), *The Confusion of Confusions* “abolishes the separate to root out evil” (187).

In Luria’s theory of evil, “the deepest roots on the *Kelipot,*” the “shells” which are the forces of evil in the world, predated the Breaking of the Vessels (Scholem 276). But after the fragmentation of creation, the “shells” of the nut and “barks” of the tree become minute prison cells for traces of divinity that are also fragmented (Scholem 239). These traces are “sparks,” points of light, elements of divinity trapped in an evil world. The “sparks of the Shekinah” are all around us, “scattered in all worlds and there is no sphere of existence, including organic and inorganic nature, that is not full of *holy sparks*” (Scholem 280). These “holy sparks” must be liberated from their prisons, lifted out of the “shells” with which they have been mingled (Scholem 311, 280). Once again, the fearful speculator appears at an equivalent moment in/of De la Vega’s *Confusions*. The speculators who “fear a result” will make “greater efforts to achieve a triumph” (161). Yet the speculators’ mischief produces a contrary result: “when the air struggles with the flame, the
sparks come forth with greater vehemence” (*Confusions* 161). As an antinomian figure, the speculator brings evil to the world, but through this evil he brings forth the sparks that lead the world closer to its *tikkun*. Thus, for De la Vega, within the secular financial economy of stock markets and their crises, there lies hidden remnants of the sacred economy and its rituals.

**Speculations on Speculation**

The preceding sections of this article have argued that De la Vega utilizes concepts from his religious experience and study in seeking to explain the 1687 crash of *ducaton* shares. A corollary of this claim is that many of the terms used to understand contemporary economic crises were originally theological. The often noted familiarity of De la Vega’s descriptions, which seem as fresh as yesterday’s newspaper, underscores how little has changed in the way financial markets are understood. The explicit references to theology and messianic expectations are absent. But modern secular concepts such as “progress” and “growth” have taken their place even as the structure of the analysis remains unchanged. The structure is still theological, although it is now a secularized theology.

A certain amount of nostalgia for De la Vega’s worldview is understandable. He operated at a time when the art and the science of financial speculation were not yet split. After the fragmentation, the humanistic and scientific components of economic life came to be at odds with one another, leaving behind a human aching for synthesis. The most straightforward way of restoring a synthetic worldview would be to formulate a mysticism of the market. Such a path is taken by free-market fundamentalists who ascribe to a literalist economics that admits no role for society, state or family—and sees these institutions as nothing more than economic distortions.

But it is possible to reformulate financial speculation “after the Death of God.” Or, put another way, the ontology of financial speculation need not mark a return to transcendence. A sketch of just such ontology can be found through the pervasive financial references in the work of Jacque Derrida. Derrida’s work develops ideas remarkably similar to those found in De la Vega, yet moves beyond them. The antinomian figure of the speculator, who puts reason at risk, is explored in Derrida’s analysis of the *roué* (or rogue). The rogue, or speculator, cannily employs their “ruse or resources in a mischievous, malicious, malefic, or malevolent manner” (*Rogues* 19). But no form of order or law could thwart the rogue. The defenders of capital employ mechanisms of securities law (bans on
short-selling or windhandel) in an attempt to regulate financial markets and protect them from infection (or contagion). 27 But the rogue, or speculator, is not just an opponent of financial order, he is created by the financial order itself. The financial markets succumb to “an autoimmune process . . . the strange behavior where a living being, in quasi-suicidal fashion, “itself” works to destroy its own protection, to immunize itself against its “own” immunity” (Derrida, “Autoimmunity” 94). Financial speculation is the market’s own self-corrective mechanisms turned back against financial order itself.

Like De la Vega and Philo, Derrida also invokes the biblical trope of “The Tower of Babel.” Derrida uses the most literal translation of the Hebrew passage from the book of Genesis, in order to show that not only is the word “confusion” the punishment of God; “Confusion” is also the name of God (Derrida, “Des Tours” 249). Confusion/Babel is the proper name that cannot be translated yet demands translation. Babel/Confusion is what God names the city, but also claims as his own name. The Tower of Babel is a confusion of confusions, or as Derrida puts it, “the myth of the origin of myth, the metaphor of metaphor, the narrative of narrative, the translation of translations, and so on” (“Des Tours” 244). Playing upon Philo’s commentary, he observes that “a certain confusion has already begun to affect the meanings of the word confusion. . . . The signification of “confusion” is confused” (“Des Tours” 245).

For the Dutch Republic of the 17th Century public credit was tantamount to national security. The experience of wartime borrowing to finance their revolt against Spain cemented this association. While investment seemed to solidify public credit, and speculation to corrode public credit, the distinction between investment and speculation was often hard to maintain. 28 The merchant in De la Vega’s

27 The discourse of “contagion” is used by economists both inside and outside of government (although sometimes the inside and outside are difficult to discern) to describe the spread of financial crises from developing nations that threaten the global economy. See the World Bank’s reference <http://www1.worldbank.org/economicpolicy/managing%20volatility/contagion>.

28 In a different context, the author of this paper would argue that a bet creates risk for both parties where there had been none before, transmuting an incident without economic significance (say, the turn of a card, or the speed of two raindrops trickling down a window pane) into an event with payoffs and losses. Contrast this with an event of innate economic import (a crop failure, exposure to the currency exchange rate of a trading partner) in which speculation or hedging allows pre-existing risk to be moved about. The windhandel and oopsies of De la Vega performs the same task that is accomplished with greater precision by the options and derivatives in the Black-Scholes equation. Even if both counter-parties are speculating—rather than hedging an existing risk—the concept of probability allows us to see the benefit their positions have for the market as a whole. So long as our two speculators are connected to a broader market their activities serve to increase liquidity and reduce the small sum charged for the reallocation of risk.
dialogue speaks for the his whole society when he comments that “I esteem business but hate gambling . . . I shall become a holder of shares . . . but I am very sure that I shall never become a speculator” (De la Vega 211). In a Derridean reading of classical Greek democratic thought, the concept of creditworthiness supports (quite literally) both established political order and logical order. A logical argument grounds itself upon presuppositions, "(h)ypothesis in Greek will have signified before all else the base or basis, the infrastructure posed beneath or at the bottom of a foundation” (Rogues 136). The hypothetical grounds itself on credit, securing its credit with a deposit in order to speculate elsewhere than its ground. The hypothèque is both a mortgage and a hypothetical proposition (Rogues 165). The oligarchs in Athens pose a danger to democracy by luring the youth into speculation, on the basis of credit, in order to impoverish the borrower. The oligarchs “lend money on hypothec” and aim to both ruin the borrower and “enrich themselves even further through this speculation” (Rogues 22).

The speculative risk to democracy is also a speculative foundation (a hypothec) of democracy. Derrida notes the importance of a leap of faith, or extension of unsecured credit, in “the birth of a demos” observing as well that “there is no democracy without credit, indeed without an act of faith” (Rogues 48). A predictable component in the process of democratization (observable even now in Iraq) is the emergence of rogues, political speculators, prominent for the “dissoluteness of the libertine . . . perversion and delinquency . . . malfeasance . . . with failing to live according to the law” (Rogues 21). The confusion at Babel is also the “birth of a demos” where, from those of one language (literally “lip”), many nations are born. In today’s world-order, the United States “plays God” by disseminating (spreading or scattering) democracy, thus usurping the place of God at Babel as “the role of guarantor or guardian of the entire world order” (“Autoimmunity” 94). Philo suggests that we understand the “confusion” at Babel as a cure for the evil inhering in humanity because of the separation or alienation of each person from another. The confusion destroyed all the separate parts, scattering

Lacking a subjective theoretical or intellectual standard to differentiate speculating from gambling, the Dutch turned to objective practices. This need to domesticate and legitimize speculation, and to do so by adamantly separating it from gambling, was not limited to the Dutch Golden Age. It is a recurrent feature of financial speculation in the west to be continually haunted by, and feel the need to exorcize, the specter of gambling. For instance, “in Victorian England, as was the case in America, speculative trading would only be accepted once it was purged of an association with gambling. This purging was essentially accomplished by the 1860’s and, henceforth, speculation increasingly came to be seen as a reputable economic activity and speculators as respectable actors” (Itzkowitz 122).
the languages on earth, but “confused” humanity as a way defusing the evil of the parts. It is exactly this sort of confusion and union that is feared by a hyper-powerful state in a unipolar political world, a world in which “the one . . . in principle, and in the last resort, is supposed to assure credit in general, credit in the sense of financial transactions but also the credit granted to languages, laws, political or diplomatic transactions” (“Autoimmunity” 94). If the present world-order is built on credit from the hypothec of American military power, then “insolvency is found marked in the very name of Babel,” built upon “the debt one can no longer discharge” (“Des Tours” 253).

The Derridean economy remains as susceptible to crash and crisis as the Amsterdam bourse. Recall that the “year of Confusions,” which De la Vega discussed as a source for his title, indicated an irregular year inserted into the Roman calendar. The year of confusions for the stock market was a time after the fall (in prices) but before the judgment (of the East India Company). The year of confusions, as the interruption of an eschatological process, was “a trauma, and thus an event, whose temporality proceeds neither from the now that is present nor from the present that is past but from an impresentable to come (à venir)” (Derrida, “Autoimmunity” 97). The fate of the East India Company, and with it of Dutch colonialism, will not be certain for another two centuries, and it is this “future that determines the unappropriability of the event, not the present or the past” (“Autoimmunity” 97). The crash so discomfits De la Vega that he turns back to the religious messianism of his youth in search of a model to understand the event. The ducaton crash (the imaginary crash) exceeds the interpretive frame of bullish and bearish markets, it is “so unforeseeable and irruptive that it disturbs even the horizon of the concept or essence on the basis of which we believe we recognize an event as such” (“Autoimmunity” 90). The financial crisis of 1687 induces the political authorities in Amsterdam to render a judgment against the speculators. The Athenian oligarchs counter-revolution in 411 B.C. induces a crisis and “the krisis makes a judgment, and the critique is devastating.” In Athens democratic man is saddled with blame, in Amsterdam it is the speculator. In both cities political authorities fail to control their rogues in “a general abdication, a complete loss of authority, a refusal to correct by means of the law the young akolastoi, literally those who go unpunished, unreprimanded, who are intemperate, licentious, undisciplined, delinquent, spendthrift…” (Rogues 21).

One of the signature flourishes of De la Vega’s Confusions is the inclusion of a philosopher in a dialogue about financial markets and speculations. Yet this character begins his education on the stock exchange with the decidedly disdainful
assessment that “preoccupation with this business seems to me unworthy of a philosopher.” To which the shareholder agrees, replying, “it is not proper for a philosopher to speculate” (De la Vega 154-55). The point is amplified at the end of the philosopher’s tutorial on the stock exchange when he concludes that

> All schools of philosophy teach that the soul is nobler than the body, life nobler than death, and the existent nobler than the non-existent. But as for the stock exchange, I approve the paradoxical opinion of the Platonic musician that the non-existent is better than the existent. I think it much better not to be a speculator. (De la Vega 211)

The injunction against a philosopher speculating is equated with a subordination of being to non-being, reversing the normal priority of being over non-being. The implications of this view can be clarified (or, perhaps, confused) by Derrida’s explanation of Kant’s First Critique, which states, “the subordination of speculative to practical reason is an irreversible hierarchy because what is at stake is the very “interest” (interesse) of reason” (qtd. in Derrida, _Rogues_ 134). Speculative reason would try to claim priority over practical reason, since it can hypothec upon practical reason and reach beyond it on credit (accredited by reason). The flaw of this position (for Kant as well as Derrida) is assertion that the hypothecated reason (speculative) is superior because of its grounding or foundation. In fact, the mortgaging of speculative reason is a debit because its interest can only be conditional. The unconditional (practical, moral, reason) does not seek to accredit itself with a hypothec. The truth of the truth and the

> (R)ationality of the rational has never been limited, as some have tried to make us believe, to calculability, to reason as calculation, as ration, as account, as an account to be settled or an account to be given. In the kingdom of ends it is opposed to what has a price on the market (Marketpreis) and so can give rise to calculable equivalences. (Rogues 133)

That is to say, it is not proper for a philosopher to speculate.

**Works cited**


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