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What's in a Game

- Poker and Postmodern Capitalism

The paper investigates poker as an economic system by exploring the structural homology between Texas Hold'em no-limit and post-industrial capitalism. Using Lacan and Marx three dimensions in the production and distribution of value within global post-industrial capitalism are identified. In the order of the Real we find the worker transforming matter. In the symbolic order we find the capitalist exploiting labour. And in the imaginary order we find the speculator taking advantage of displacements in the very forms of money. The three positions correspond to three ideal typical ways of playing poker: The 'sucker' is rooting for luck to provide him with the needed cards thus playing his game in the dimension of the Real. The 'grinder' uses mathematical and statistical calculations to value his hands optimally and relies on the Law of Great numbers securing him an edge in the long run. The grinder is playing poker in the order of the symbolic. Finally, the 'player' takes advantage of discrepancies between different players' imaginary conceptions of the game by bluffing or putting a play on his opponents.

What's the Big Deal?

The enchanting charm of poker lies in the contrast between the simplicity of the game's structure on the one hand and on the other the enormous complexity unfolding exponentially as the player discovers more and more facets of the game. One proverb in the vast folklore of poker says: 'Poker is a day to learn and a lifetime to master.'

Besides these qualities as a game, which poker in principle shares with many other games, poker seems to be distinguished by a set of very special qualities as a cultural phenomenon. Over the last 20-30 years poker has experienced an enormous growth in popularity and today we may virtually speak of a poker boom. Rough estimates say there are 140-180 million regular players worldwide and the turnover of major poker sites on the Internet is counted in billions of dollars.[1] To some extent the popularity of poker may of course be explained by a combination of TV-transmitted poker tournaments, with the player's hands

[1] *A big deal*. Economist, December 2007

recorded by the so-called hole-cam, aggressive marketing and not least new favourable opportunities for spreading the game brought about by the development of the internet. Nevertheless, there seems to be something in the very game, which appeals to the time we live in, and which explains the poker boom as more than just the result of clever marketing.

The parallel between poker and capitalism is quite obvious and is captured in a number of often quoted saying about poker. Walther Matthau has put it this way: ‘Poker exemplifies the worst aspects of capitalism that have made our country so great.’ Hence, it is probably no coincidence that poker in its modern form is conceived in the US. One author notes in the beginning of the eighties: "Poker is a pure expression of the American dream. Embodied in the action of the game is the ever-present notion that anyone with skill, individual initiative, patience, foresight, and a little luck can easily make the leap from rags to riches[2] (Jones: 27)." Today the American Dream as well as capitalism as such have been globalised and poker should no longer be considered a particularly American game but rather a genuinely global game.

The relationship between poker and capitalism is however much more ambiguous than superficial similarities reveal. True, poker is a celebration of the system of capitalism, but at the same time, poker is also a mocking of this very same system. True, people play poker hoping to make a quick advance in the capitalist order of society, but at the same time they may equally have a hope of escaping this very order. True, poker is about winning money, but it is also a game of displaying the utmost disregard for the otherwise sacred object of money.

This paper is intended as part of a book where the relationship between poker and capitalism is explored. In the following we shall be analysing poker as an economic system in order to uncover a structural homology between poker (No Limit Texas Hold’Em in particular) and postindustrial capitalism. The paper is very much a work in progress and I apologise for grammatical errors and the insufficiency of the reference system.

[2] Jones, Rex L. 1978: *Poker and the American Dream*, in: Montague, Susan P. & Arens, W. (Eds): the American Dimension – Cultural Myths and Social Realities. Alfred Publishing Co: Sherman Oaks, 27-36

Value in Poker and Capitalism

Value in Industrial Capitalism

> Because it is value, it [capital] has acquired the occult quality of being able to add value to itself. It brings forth living offspring, or, at the least, lays golden eggs. (Marx 1867: 255)

Poker is basically a system for distribution of value. A number of players are sat round a table with each an amount of money in front of them. Over the course of the game the money will float between the players and this circulation constitute the very nerve and rhythm of the game. As the game is over, each of the players will leave the table with a certain amount of money, bigger, smaller or equal to their original amount. This is the point of the game.

As a basis for our analysis of the relationship between poker and society we shall be looking at the way value is produced, distributed and accumulated in society as a whole.

Marx is the classical starting point for such analysis. Here we find precisely an analysis of the production and distribution of value in capitalism. The defining characteristic of the capitalism mode of production is that the productive processing of nature no longer takes place in a context controlled and owned by the productive individual. In stead labour power is lifted out of this context and offered on the marked as commodity (Marx 1876: 181-191). The pricing of labour in the market takes place in a relative autonomy from the real value of labour. This relative autonomy constitutes the focal point of the capitalist exploitation of labour. Labour is valued at an exchange-value below its use-value thus enabling profit as the extraction of surplus-value. Value, originally created through labour, is redistributed in favour of the capitalist and at the expense of the worker.

In order to prepare for the comparison with poker, we shall be reformulate the Marxist theory of capitalism in terms of Lacan’s distinction between the real, the symbolic and the imaginary. With Lacan the capitalisation of labour can be described as a form of symbolisation of the real. This operation is captured in the famous phrase: ‘The letter kills’ (Lacan, 1964: 848). The symbol substitutes the real and blocks our immediate access to the undifferentiated being of the world. When labour is priced as exchange-value this is an operation of symbolisation substituting the immediate quality of labour as productive use-value. Symbolic exchange-value ’kills’ real use-value.

Production of value takes place in the order of the real where labour processes nature. The original value is then redistributed in the symbolic order where it is whirled into the circulation of money and commodities with the well-known form M – C – M' (Marx 1867: 161-170).

A necessary precondition for the operation of symbolisation, in which labour is priced as commodity, is the money form. Only through money as universal

measure of value is it possible to lift out labour of its immediate context and submit it to the abstract comparison with other commodities through time and space. Marx describes the evolution of money as a transformation, whereby a certain commodity (gold and to some extent silver) is gradually abstracted and lifted out of the ordinary circulation of commodities and comes to function as universal equivalent for all other commodities. At the same time, money is both commodity itself by being linked to gold but also the very form enabling the abstract valuation of all other commodities.[3] This transformation has also been described as a sublimation of gold.[4]

In the form of universal equivalent for the valuation of commodities money belong to the third leg of the Lacanian trinity that is the imaginary order.[5] Money is the sublime object stabilising the relation between the real and the symbolic. From Marx we know that the opposition between labour and capital is loaded with an insoluble antagonism in the same way as the split between the real and the symbolic in Lacan is traumatic. The money form however enables a cover up for this antagonism, this trauma. In the valuation of the commodity as exchange-value the real value of the commodity as materialised labour is repressed as a 'secret, hidden under the apparent fluctuations in the relative values of commodities'.[6] In this way the capitalist mode of production is able to function in spite of its inherent antagonisms. Money incarnates a phantasm that labour may in one and the same move be priced as both productive force and commodity, i.e. that use-value and exchange-value may be contained by on and the same symbolic expression. Hence money incarnates exactly the general function of ideology: ‘”[I]deology” is the ”self-evident” surface structure whose function is to conceal the underlying “unbalanced”, ”uncanny” structure’.[7]

Production and distribution of value in capitalism is summarised in figure 1 below. We see how actual value is created by labour as productive force in the order of the real only to become redistributed through the circulation of commodities and capital in the symbolic order. Money as universal equivalent is the form enabling the subsumption of the real under the symbolic. Money as form constitute the imaginary order.

Figure 1: Three Orders of Industrial Capitalism

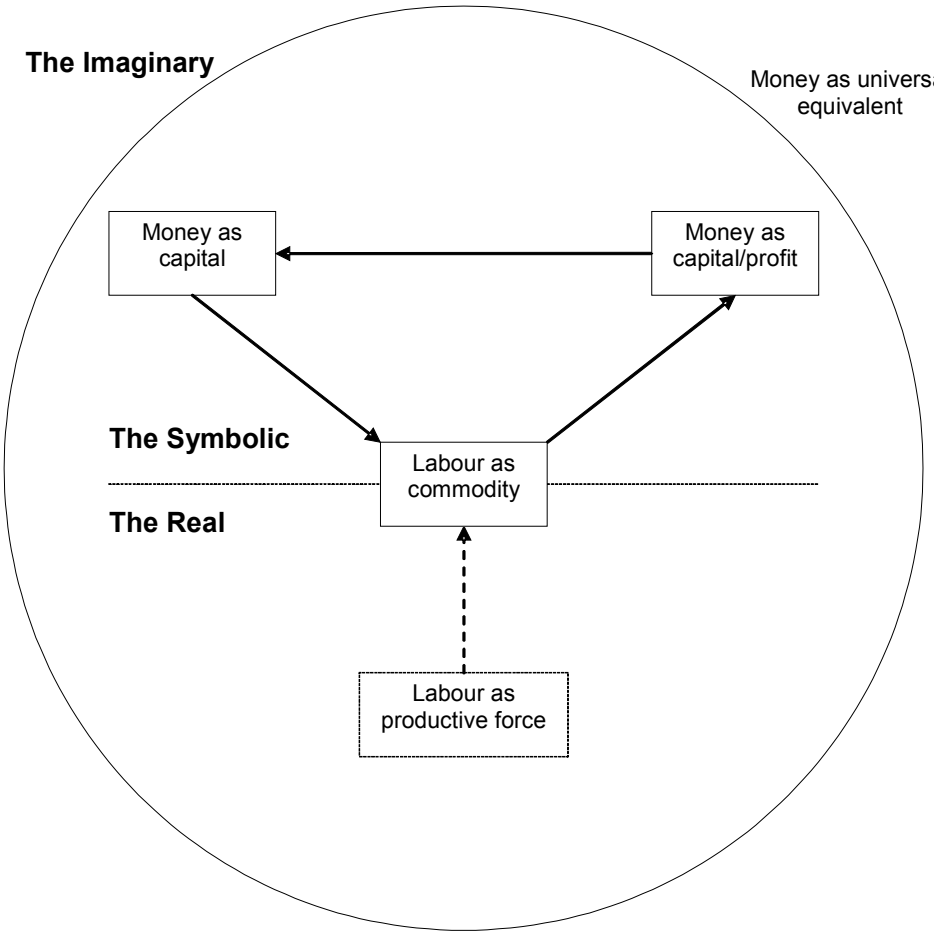
[3] Fleetwood, Steve 1999: *A Marxist theory of commodity money revisited*, in Smithin, John (Ed.): What Is Money? Routledge, London

[4] Goux, Jean Joseph 1990: *Symbolic Economies – After Marx and Freud*. Cornell University Press, New York

[5] When used in sociological analysis Lacan’s imaginary order is sometimes referred to as ideology. In this book the terms will be used synonymously.

[6] Marx 1867: 89

[7] Žižek, Slavoj 1997: 82)



From Industrial to Post-Industrial Capitalism

> Speculation is no longer surplus-value; it is the ecstasy of value, without reference to production or its real condition. (Baudrillard 1998: 1)

When Marx is speaking of capitalism he is thinking of industrial capitalism as it is unfolding in his own time where value is produced by sweating workers in Manchester textile factories and then exploited by old men in top hat and cigar. In the West at least, this is not how capitalism looks anymore and a development of Marx' analysis is necessary in order for them to function on contemporary affairs. The movement from industrial capitalism to the post-industrial capitalism of today may be described as a fragmentation of the imaginary order.

In Marx money functions as universal equivalent through the link to gold under the Gold Standard. This means that different currencies are relatively synchronised through their reference to gold as a common external point of reference. When the Western economies abandon the Gold Standard due to great fluctuations in the currency markets in the period between WW I and WWII they in stead enter the interstate Bretton Woods agreement in 1944 through which the currency of every nation is committed to a certain rate relative to the US-

dollar.[8] The US-dollar now functions as 'surrogate' for the Gold Standard and the money form is rather guaranteed by the strength of the American economy than by the intrinsic value of gold.[9] Following Nixon's devaluation of the dollar the Bretton Woods system collapses in 1972 and the current system evolves in which currencies float freely without being linked to gold or any other external point of reference. In combination with growing globalisation of the economy - with Western companies outsourcing production to low cost regions in China and South East Asia while selling, with products being sold globally and with technological developments enabling a global financial market – the collapse of Bretton Woods institutes new conditions for the circulation of commodities and capital.[10]

In post-industrial globalised post-Bretton-Woods capitalism the exchange of capital and commodities take place across several different currency regions and so across several different monetary systems. Production, consumption and financing are dispersed and today it is far from unusual for a commodity to be produced in China, consumed in US while the whole operation is financed from Germany. This dispersion installs a particular vulnerability in the capitalist system for accumulation of surplus-value. Fluctuations in the interrelationship between different currencies and money markets may influence the extraction of surplus-value and an otherwise certain profit may risk being absorbed by a rise in the currency rate in the country producing the commodity, a decline in the currency rate of the markets buying the commodity or a rise in the interest rate of the loans financing the production.

As illustrated in figure 1, the circulation of commodities and capital in industrial capitalism take place within the same money form, i.e. within the same imaginary order integrated by money's reference to gold. As long as pricing and exchange of capital and commodities takes place within one and the same monetary system, the only condition for profit to be generated is for the exchange-value of labour to be set lower than its use-value. In Lacanian terms, industrial capitalism is backed by an imaginary big Other.

In post-industrial globalised capitalism there is no all-inclusive big Other but rather a number of 'little others' constantly moving in relation to each other. This fragmentation of the imaginary order adds yet another dimension to the distribution of value in society. The money form is no longer just a neutral medium for the exchange of capital and commodities. In stead the fluctuations between different money markets constitute a new dimension for redistribution of value in society.

The most marked symptom of the fragmentation of the imaginary order in the transistion for industrial to post-industrial capitalism is the emergence and

[8] Panic, M. 1995: *The Bretton Woods system: concept and practice*, in: Michie, J. & Smith, J. G. (Eds): Manging the Global Economy, Oxford: Oxford University Press, 37-54

[9] (Smithin 1999: 2007; Bryan & Rafferty 2006: 113)

[10] Akyüz, Yilmaz 1995: *Taming International Finance*, in: Michie, J. & Smith, J. G. (Eds): Manging the Global Economy, Oxford: Oxford University Press, 55-91

explosive growth in the market for so-called financial derivatives such as futures, options, swaps, etc. (LiPuma & Lee 2002). Derivatives is a future contract giving one party the option or obligation to trade a given currency or other financial asset with another party at a set price at some specified time in the future. Financial derivatives function to counterbalance insecurity in the financial markets by allowing companies to hedge against possible fluctuations in the money market. From being virtually non-existing in the early 1970s the market for financial derivatives trading has grown dramatically to a staggering 516 trillion dollars in outstanding amounts by 2007 (BIS 2007). The evolution of derivatives is an expression of the transformation of money's imaginary function in post-industrial capitalism (Bryan & Rafferty 2006a: 87).

It has been argued that derivatives constitute an entirely new form of money (Pryke & Allen 2000; Bryan & Rafferty 2006b; 2007). Instead of money being grounded in an asymmetrical relation between the market and the state, money is now regulated in symmetrical relations between different actors within the market. Trust in money thus is based on the imagination of a network of mutual insurance dispersing the damaging effects of fluctuations in the money market over a great number of actors minimising the effects of the individual actor. The imaginary function of the state as the big Other guaranteeing convertibility of money is substituted for an image of a collective of little others counterbalancing each other (Bryan & Rafferty 2007).

The market stabilising effects of hedging by means of derivatives is however only one side of the coin. The money markets are not just direct reflections of external events, independent from this market such as draughts, strikes, new discoveries of natural resources or other occurrences, which have an impact on the economic activity in a particular region. Actors in the market not only act on such occurrences but also on their expectations of other relevent actors' actions and on other actors' expections of other actors' actions and so on *ad infinitum*. This gives the money market its own endogenous and almost hysteric dynamic more or less uncoupled from the external world (Bryan & Rafferty 2006a: 129).

Derivatives not only facilitate insurance from risks through hedging but in themselves also contribute paradoxically to the creation of the very same risks that they provide insurance from (LiPuma & Lee 2005; Arnoldi 2004). Derivatives trading creates a network of interconnections between different actors and different assets in the market. The implications of an individual event such as the crash of a given company or the price fall of a given commodity may thus spread with almost simultaneous effects to many other parts of the market (Akyüz 1995; Pryke & Allen 2000; Tickell 2000). Since derivatives free from ownership of the underlying assets they provide opportunity for great leverage. With a relatively low investment it is possible to assume a relatively high risk. This makes derivatives particularly suited for speculation. It also means, however, that the effects of a local crisis may spread not only linear but exponentially in the market whereby the damaging effects of the crisis are multiplied. Great leverage also

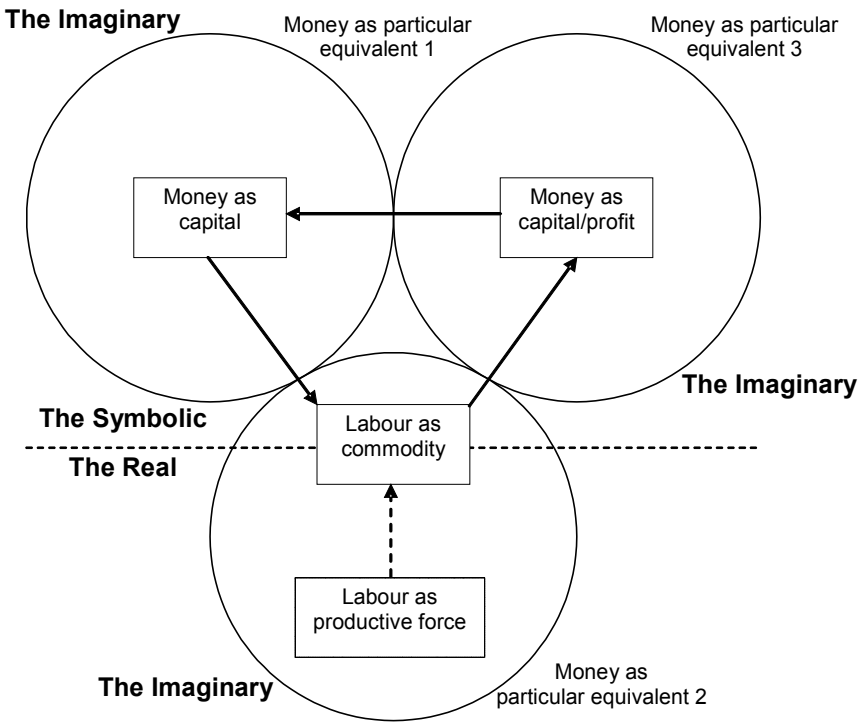
enables big actors on the market to undertake transactions of such magnitude that they can steer the money market in a certain direction by way of their own transactions thus being able to profit from self generated effects in the market. Given the size of the market for financial derivatives it has been suggested, that 'in the age of finance and speculative capital it seems that instead of the economy driving the markets, the markets are driving the economy' (Lee & LiPuma 2002: 209). Speculation as such is not a new invention of post-industrial capitalism. What is new, however, is that instead of speculating in fluctuations in the prices of real assets: corn, oil, steel, weapons or even shares in real productive companies, derivatives facilitates speculation in the price of money expressed in interest rates or exchange-rates between different currencies (LiPuma & Lee 2005: 407).

At the same time, derivatives are both insurances against fluctuations in the financial markets and catalysts for destabilisation of the very same financial markets. If industrial capitalism is a capitalisation of the real, post-industrial capitalism is a capitalisation of the imaginary. The imaginary has the form of a phantasm.[11] The imaginary structures the relationship between the real and the symbolic on the basis of an imagination of what things may become. Under the Gold Standard the money form structures the relation between commodity and capital on the basis of the phantasm that money can become gold. As long as this phantasm is sustained, the money form constitutes a stable frame for the exchange of commodities and capital. In post-industrial capitalism after Bretton Woods the money form is however destabilised. There is a permanent uncertainty as to what money may become, what money may be exchanged for and at what price. The imaginary order is no longer only a stable frame but a fragmented system of segments, constantly fluctuating in relation to each other. Derivatives are an expression of a capitalisation of the imaginary order which has realised the fragmentation of the imaginary order and is seeking to profit from fluctuations within the order.

Figure 2 below is an illustration of the economy of post-industrial capitalism. As in industrial capitalism value is produced in the order of the real by labours processing of nature and this value is furthermore redistributed in the symbolic order via the circulation of capital and commodities. What is new in post-industrial capitalism is that production and circulation of value no longer take place within a unitary money form. In stead the imaginary order is fragmented into several different money markets, each fluctuation in relation to the others. Money no longer functions as universal equivalent but as a series of particular equivalents. Fluctuations between these equivalents enable new redistribution of value. By trading derivatives it is possible to either take insurance against such redistribution through hedging or take advantage of the redistribution through speculation.

[11] Žižek, Slavoj (2006) *The Parallax View*. Cambridge: The MIT Press s 40

Figure 2: Three Orders of Post-Industrial Capitalism



We shall now move on to the analysis of poker. We shall see how a very characteristic feature of poker is that it involves the ability or read and control fluctuations of the imaginary order of the game and take advantage of these fluctuations in order to redistribute the values, which are at stake in the game.

Playing Poker

Viewing poker as an economic system for distribution of value we find the same three dimensions in poker that characterise post-industrial capitalism. In order to show this parallel we shall be distilling three ideal types for playing poker each of which is primarily connected to one of the three orders of the Lacanian trinity: the real, the symbolic and the imaginary. The three types of players shall be termed *the sucker*, *the grinder*, and *the player*. In brief their way of playing is characterised like this: the sucker plays the luck, the grinder plays the cards and the player plays the man.

It is important to note how the three types shall be conceived as possible ideal typical positions in poker enabled by the structure of the game. In practice poker players constitute a given composition of the three types. Furthermore it may depend on the game and the context in which you are playing whether you are playing more or less like one or the other type. If you are up against stronger opponents you may be playing like a grinder or even a sucker while you are player as a player against weaker opponents. In one and the same game you

may also become mentally imbalanced, ‘go on tilt’, and regress from playing as a grinder to playing like a sucker. Within each ideal type there are possible variations in your style of playing, i.e. if you are loose or tight (playing many or few hands before the flop) or if you are passive or aggressive (defensive or offensive betting). In the following we shall be going into these variations only very little.

The Sucker

> If you can't spot the sucker in the first half an hour at the table, then you are the sucker. (from the film Rounders 2000)

At first glance poker may seem to be a game of pure chance in line with other gambling games such as roulette, craps or black-jack. Each player is dealt a hand and chance decides who gets the strongest hand. The basic point in poker is however, as Kenny Rogers expressed it in his famous song: ”*You have to know when to hold’em / Know when to fold’em*.” You have to be able to recognise when a hand is worth betting with and when it is best to get out of the hand. True, luck is a factor in poker, but there are different ways to relate to luck.

One way of playing poker is to play your luck. A player holding **8♣** **9♦** may choose to call an opponent’s raise before the flop hoping his hand will develop into a straight and thus winning him the pot.[12] Since the likelihood of this player having completed his straight, when all the cards are out is very slim (approx. 18%), he is going to need a fair portion of luck in order to win the hand.

This way of playing poker is comparable to playing for instance roulette. The roulette player puts his money at stake in the hope that luck will come to him in turn. Roulette is a game determined by forces outside of the player’s control. It is possible to think of poker in the same way. We shall term the player with this approach to poker as *the sucker*.

The sucker is typically a loose player playing a relatively high rate of hands on the flop.[13] Since any hand may in principle end up being the hand taking home the pot, it may seem reasonable to pursue any hand if you are pursuing your luck. Even **7♣** **2♦** (statistically the worst poker hand) may end up being a winning full house and who knows if this particularly weak hand is not precisely an omen that a favourable flop is in its way and that luck is lurking just around the corner.

Since the sucker plays many hands he will also win a fair amount of hands. However, if he is up against better players, he is most probably going to win very little money on the hands he's winning and a lot of money on the hands he's losing, the net result amounting to a substantial loss. He may have fun playing but he is likely to loose his money in the long run. This is why we call this type of

[12] Since Texas Hold’Em is the most popular and widespread form of poker today this will be the form of poker analyzed in the paper.

[13] The sucker may also be a tight player waiting for luck to come his way already before the flop and thus only playing the very best hands such as AA, KK or AK. This kind of sucker is most likely going to see his money being eaten by the blinds.

player the sucker. When pursuing his luck, always hoping the next card will turn thing around and save him, the sucker is playing poker in the order of the real. The sucker addresses the real in a very immediate form.

The sucker does not perceive the real as a stochastic distribution to be symbolised and calculated through probability theory. In stead he sees the real almost as an assistant or an opponent to be allured or defeated. When the sucker is playing poker he is first and foremost relying on his luck.

The Grinder

> In the long run there's no luck in poker, but the short run is longer than most people know. (Bennet 1995:270)

For the grinder poker is in no way a game of luck but rather a game of statistical calculation and deductive logic. The grinder does not pursue lucky draws but rather relies on the law of great numbers providing him with an edge in the long rung thus grinding out his profit through consistent playing. He relies on probability theory in order to neutralise the chance element of poker. He exercises what Hacking terms as *taming of chance* (Hacking 1990). The grinder knows that luck is randomly distributed which is almost the same as saying there is no such thing as luck. In stead of waiting for luck to help him in any situation, the grinder seizes the moment when he finally does get a good hand and makes the most money of the particular situation while at the same time trying to reduce his losses when he has a bad hand.

At any point in the game the grinder will calculate the strength of his hand based on its current value and its probability of improving with more cards to come compared to the estimated current and potential strength of the hands of other players in the pot. Consider the following hand: Player A is holding **6♠ 7♠** and the board shows **2♠ 9♠ 10♣ A♥** after the turn. Currently the hand is worthless, but with one more card to come, the hand has significant chances of improving into a straight or a flush on the river (the hand has 12 outs and a probability of 26% of improving). When deciding to check, fold, bet or raise the player will deduct from the other player's betting actions the likely strengths of their hand. Only player left in the pot is player B who bet out from early position pre-flop and checked on the flop. Player B is first to act and bets again. Working backwards from B's betting action, player A puts B on a pair of aces. If player B makes a small bet, say 1/10 of the pot, A may be justified in calling since the price of staying in the pot is covered by the probability of drawing to a flush or straight and winning the pot. A stands an approximate 1 to 3 chance of getting paid back 11 times his bet. If however player B makes a big bet, say the size of the pot, A will fold since the bet will not pay off in the long run. In this case his chances of winning are still 1 to 3 but he will only get paid twice his bet if he wins.

In limit poker, since betting is restricted, it is fairly predictable, how much it is going to cost a player to stay in a pot until showdown and how much is going to be in the pot at the end. Thus, using probability theory the expected value of a

given bet, i.e. the average win or loss of betting a given hand, may at any given time be calculated with a reasonable amount of certainty. If a player bases his betting action on such calculation, he may sometimes loose on a lucky draw by his opponent, but according to the Law of Great Numbers *in the long run* he will be winning. This philosophy of the grinder is spelled out in Sklansky's *Fundamental Theorem of Poker*:

> Every time you play a hand differently from the way you would have played it if you could see all your opponents' cards, they gain; and every time you play your hand the same way you would have played it if you could see all their cards, they lose. Conversely, every time opponents play their hands differently from the way they would have if they could see all your cards, you gain; and every time they play their hands the same way they would have played if they could see all your cards, you lose. (Sklansky 1987: 17-18)

The theorem implies that betting action should be based on statistical evaluations of the expected value of ones own hand and deductive assessments of the opponents hand values. The edge of the grinder lies in his ability to assess the current value of his hand more accurately than his opponents and make the optimal bet on this basis.

The grinder operates in the order of the symbolic. He exchanges cards for money at the optimal price, i.e. his estimation of the value of his hand is a form of symbolisation. Contrary to the sucker, the grinder's symbolisation of his hand works on the premises of the symbolic order by being based on deductive logic and probability theory. When the sucker decides when to bet or fold he is relying on forces outside of the symbolic order, that is on luck. Luck belongs to the order of the real. While the sucker is playing his luck, the grinder is rather playing the cards.

A crucial precondition for the deductive logic of the grinder is that he must ascribe some form of rational reasoning to his opponent. He reads his opponent by counting backwards from the opponents betting action. The problem herein however is that you cannot ascribe the same uniform rationality to every kind of player. Every player is a particular type of player with a particular style of playing. One player betting in early position pre-flop does not necessarily mean the same as another player making the same move. This is the Achilles' heal of the grinder.

Every player in a game of poker makes up his own imaginary order, structuring the relationship between the real and the symbolic. Every player generates his own fantasmic imagination about what a given hand may turn into and decides his betting action accordingly. This means that a given bet does not represent the strength of a hand in a 1:1 relationship. The bet is rather the product of a mixture of the real strength of the hand given the standing of the game and the players imaginary idea of the hand's potential. The implications of this works two ways.

First, the grinder has to ascribe a certain rationality to his opponent in order to deduce from the opponent’s betting actions to the likely nature of the opponent’s

hand. In other words he has to form an imagination of the opponent’s imagination. The most obvious approach to this problem is to ascribe to the opponent the same kind of reasoning that he himself would apply in the same situation, in other words putting himself in the opponent's shoes. If the grinder is up against the sucker or just any opponent of lower strength than himself, he will sometimes make mistakes by overestimating the opponent's level of reasoning thus miscalculating the strength of the opponent's hand. However, in the long run this type of mistake will be more than compensated through the opponent's non-optimal play vs. the grinder's optimal play.

Second, the grinder’s own playing also has an imaginary dimension. The grinder seeks to discipline this dimension of his playing by forming his fantasies about any hand according to strict mathematical calculations. The imaginary is subordinated to the logic of the symbolic order. By playing his optimal play he is however at the same time giving away very accurate information about his hand, information which may be used by his opponents. Again, if the grinder is playing against the sucker or any other weaker player this is no great problem since the opponent will not be capable of utilising this information to gain an edge in the game. The opponent may sometimes get a easy read on the grinder but in the long run this will be compensated through the grinder's optimal play of his cards.

The grinder's approach to the imaginary dimension of poker is to neutralise this dimension in the same way as they neutralise the dimension of the real, the element of chance. By sticking to his optimal play or at best introducing a randomised element of bluffing the grinder still rely on his philosophy that even though he may misjudge his opponent on individual hands, give away important information or even be bluffed occasionally these losses will be compensated by his mathematically correct play in the long run. Even though the imaginary order of the poker game is in effect fragmented, the grinder plays as if the whole game is encompassed by the same uniform imaginary order functioning as merely a medium of the game.

However, the philosophy of the grinder holds true only in the game of limit poker. When played with fixed limits on the betting size, the mathematical element of poker comes to the fore. But when betting restrictions are lifted and every player has the option of going all-in with his entire stack of chips at every betting round, the entire mathematical infrastructure of the game is upset and the imaginary dimension of poker is unfolded. This is why the grinder prefers limit poker while no-limit poker is the player's game.

The Player

> Limit poker is a science, but no-limit is an art. In limit you are shooting at a target. In nolimit, the target comes alive and shoots back at you. (Crandall Addington, cited in Alvarez 1983)

Grinding out a profit in limit poker relies on the Law of Great Numbers and thus on the successive hands in a game being normally distributed. Even though

naturally the distribution of cards is still normally distributed, the dramatic fluctuations in pot sizes in no-limit poker make the individual hands almost incomparable with regards to their importance to the over-all game. Probability theory naturally also applies to no-limit poker. An open ended straight draw such as **6♠ 7♣** and the board showing **5♦ 8♥ Q♥** still has 8 outs and a 32% chance of completing on the turn or river, regardless if the game is limit or no-limit. The difference is however that the expected costs of staying in the pot during remaining betting rounds until showdown and the expected size of the pot at showdown cannot be mathematically estimated with the same amount of certainty in no-limit as in limit. The pot sizes fluctuate much more dramatically in no-limit upsetting the mathematical calculations, which are based on comparison between the chances of having the best hand at showdown and the bet size relative to potential pot size at showdown (pot odds). If however the pot sizes of different hands fluctuate between $10 and $1.000 rather than $10 and $100, this calculation is severely disturbed.

In no-limit a much wider range of starting hands are potentially playable and the question of how to play a given hand is much more open. Generally, it is more difficult to point to the 'correct' way of playing a hand in no-limit than in limit. In no-limit the range of 'correct' plays will generally be much wider than in limit and it will depend on a more complex set of factors. The betting structure invites the player to take greater chances and go for draws less likely to succeed, since the prospect of going all-in with a completed hand may justify the amount invested in calling a bet to get more cards on the turn and river. Furthermore, the risk involved in betting on a marginal hand may be compensated by the deceptive value of the hand, if it is completed. In limit poker, the grinder may rely on the value of such deceptions being levelled out in the long run. But in no-limit poker, the long run may suddenly be cut very short when a player is trapped by an all-in bet. This issue is illustrated by the deciding hand in the 1980 World Series of Poker between Stu Ungar and Doyle Brunson.

Heads up at the final table the two players are almost even in chips. Brunson raises with **A♥** 7♠ and Ungar calls with the 5♠ 4♠. The pot is at approximately $17,000 when the flop comes **A♦ 7♦ 2♣**, giving Brunson top two-pair and Ungar four outs to a straight draw. Ungar checks, Brunson makes a bet of roughly the size of the pot and then Ungar calls. The turn brings the 3♥, completing Ungar's straight. At this point, Ungar bets out about $30,000 and Brunson moves all-in. The river brings the **2♦** and doesn't help Brunson. Ungar wins the hand as well as the championship.

In a limit game Ungar would not be justified in calling Brunson's bet on the flop and perhaps not even his pre-flop bet. With the prospect of Brunson eventually going all-in however, Ungar was offered sufficient implied pot odds to make his call with only four outs. Ironically, Brunson was defeated by his own weapon, since he was to one to point out the deceptive value of playing small suited connectors (cards with adjacent values of similar suit) because of their potential

for developing into straights and flushes without the opponent sensing the danger (Brunson 1978: 487).

In no-limit poker more hands are playable pre-flop than in limit but at the same time fewer hands are played through to showdown. '*In Limit Poker, you must show down the best hand most of the time to win. In No-Limit, on the other hand, you more often than not take a pot without ever showing your hand*' (Brunson 29). This is partly due to the fact, that the unlimited betting structure gives you the option of challenging an opponent for a larger part or even all of his money thus accentuating the role of bluffing in no-limit poker. In limit poker you have to play your cards to their exact value with occasional bluffs to keep your opponent from reading you to well, but in no-limit you yourself will be more likely to bluff more often and you will constantly be faced with the possibility of other players bluffing. This same applies to slow playing strong hands in order to keep opponents contributing to a pot you are expecting to win, which is also more common in no-limit. The object of bluffing may indeed be to generally disguise your style of playing but often bluffing is used simply to take home more pots than is justified by the cards. Perhaps the most famous bluff in poker history was made by Jack Straus (reported in Alvarez 1983: 137-138).

In a high stakes no-limit ring game Straus is dealt the worst possible hand, a seven and a deuce off suit. Being 'on a rush' Straus nevertheless raises pre-flop with one player staying in the pot. The flop comes seven, three, three giving Strauss two pairs. When Straus bets again his opponent reaches quickly and unhesitatingly for his chips and Straus by then knows he has made a mistake. When the man confidently raises $ 5.000, Straus figures he is holding a big pair. In stead of making the obvious move of folding, Straus ventures into his bluff by calling. The turn brings another deuce pairing Straus' other hole card but not improving his hand. Without hesitation Straus bets out $ 18.000. The opponent pauses for a long while contemplating the bet when Straus makes him the unusual offer, that for $ 25 he can pick any one of Straus' hole cards and Straus will show it to him. The opponent accepts the offer and Straus turns over his deuce. Figuring that Straus would only make his offer if he was holding two cards of similar value, i.e. a pair of deuces, giving Straus a full house, the man reluctantly folds.

Since there are many more ways to play a hand 'correctly' in no-limit than in limit poker it is also much more difficult to count backwards from an opponent's betting actions and deduce the likely nature of his hand. In reading an opponent, it is not sufficient to apply universal mathematical rationality to his betting action. You need to look for physical tells in the opponent such as aggression, when he is bluffing, disappointment, when his hand is busted, or excitement, when he makes a hand. More important is the ability to deduce the opponent's style of playing from the history of his betting action over the course of multiple hands. Does he play many hands pre-flop? Does he bet aggressively with any hand or does he only bet when he is certain to have the best hand? Is he a

bluffer? And does he have an affinity for a particular type of hand, e.g. small pairs or suited connectors? This ability may certainly prove useful in limit poker but in no-limit poker it is absolutely crucial.

A limit game is decided gradually over the course of a long series of hands. In a no-limit game the entire game being may be decided on one single hand, where two players go all-in with everything they have on the table. The judgement needed in such situations cannot be reduced to logic and mathematics. In order to make his decisions the no-limit player must know not only the probabilities of the cards he must know the individual style, temper and character of his opponent.

The elements of style and character not only apply in relation to reading the opponent but also in relation to the opponent's reading of oneself. Not only does this mean that you have to disguise and vary your way of playing in order to make it difficult for the opponent to read you. The skilled player will even be able to manipulate his table image in order to make opponents read him in a certain way, thus trapping them when the right opportunity arises. This way of 'putting a play' on someone is one of the most spectacular features of poker. Again Jack Straus makes for perfect illustration (reported in Alvarez 1983: 32-34).

In a high stakes no-limit ring game the opponent, Jesse Alto, raises the opening bet with **K♦ 8♦** and then calls when re-raised by Straus. With only Alto and Straus left in the pot, the flop brings king, ten and eight of different suits. Slowplaying his hand, Alto checks and Straus makes a moderate, considering the standards of the game, bet of $ 1.000. Figuring to have successfully trapped Straus, Alto raises $ 5.000. After a long period of thinking and watching his opponent, Straus re-raises $ 50.000 setting Alto in for all his money. Alto contemplates the alternatives. Is Straus holding a king and an ace in the hole? Does he have two pairs like Alto himself? Does he have a set with kings, tens or eights in the hole? Is he on a draw with queen jack in the hole? Or, is Straus simply living up to his reputation of being the master of bluff? Alto decides to call and since he is all-in the rest of the cards are dealt with no more betting. Straus turns over a pair of tens completing a set and his hand holds up when the turn brings a seven and the river a four. To understand the course of the hand it should be noted that in the previous hour of playing, Straus had bet twice in precisely the same pattern but with far weaker cards. Both times Alto had called him and won but for much smaller amounts. In hindsight it turns out that Straus' immediate losing bets were only means to build up a certain image setting Alto up for the kill.

The exponential character of the betting structure of no-limit poker opens up the imaginary dimension of poker. The individual hands develop in a much more unpredictable way over the course of the betting rounds than in limit poker. When calculation becomes insufficient imagination takes over. For the grinder, the imaginary dimension is a source of error to be eliminated or at least neutralised. For the player, on the contrary, the imaginary dimension is a space

of infinite possibilities to be exploited, an extra compartment in the toolbox of poker.

When calling on a draw in the expectation of being able to lure his opponent all-in if the hand is made, the player is relying on his own imagination of what the hand may turn into and he is at the same time taking into account the opponent's imagination of the hand. In the above illustration, Ungar is taking advantage of a discrepancy between his own imaginary order and Brunson's imaginary order. When bluffing, the player exploits the elasticity of his own imaginary order, which allows him to symbolise his hand in a way totally inconsistent with its real content. At the same time he is counting on the rigidity of his opponent's imaginary order not being able to imagine such inconsistency between the symbolic and the real. Again value is redistributed through discrepancies between the imaginary orders of the individual players. And when putting someone on a play, as Straus is doing to Alto, the player even manipulates the opponent's image of the player's imaginary order creating yet another form of discrepancy between the two orders to be exploited for redistribution of value.

While the sucker is playing the luck, and the grinder is playing the cards, the player is playing the man.

No-limit Capitalism

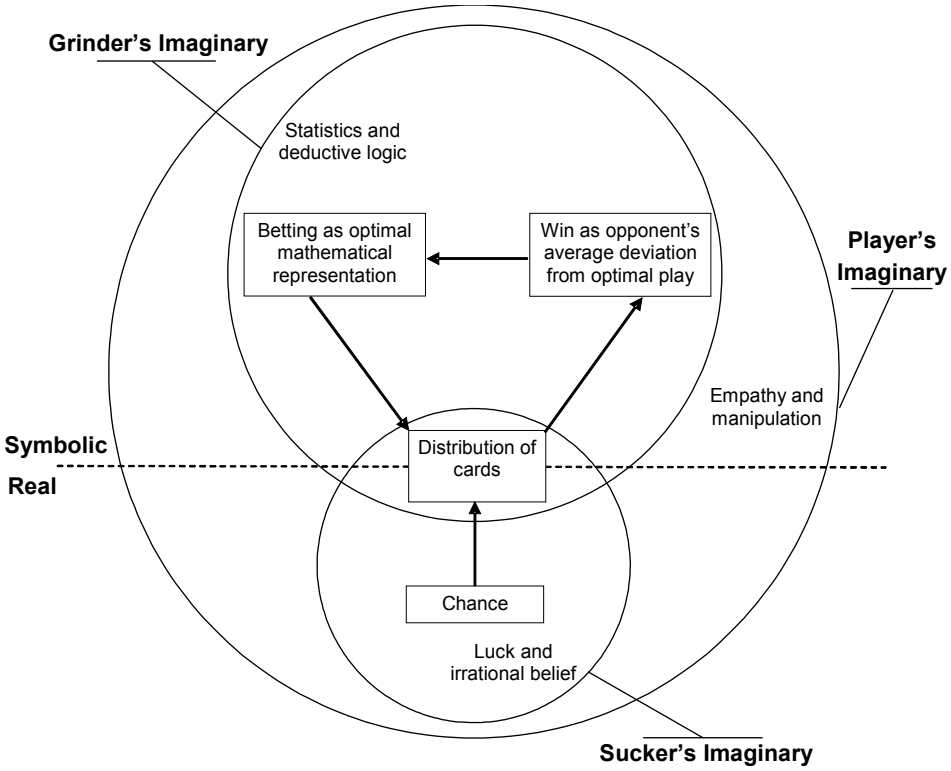
> ‘In my view, derivatives are financial weapons of mass destruction.’ (Buffet 2002: 15)[14]

> ‘I go into a poker game with the idea of completely destroying it.’ (Brunson 1978:26)

We have now seen how the circulation of value in poker takes place along three different dimensions. Accordingly, individuals in the game may take three ideal typical positions corresponding to their way of playing the game. In figure 3 below it is illustrated, how the three ways of playing poker corresponds to an emphasis of the real, the symbolic and the imaginary dimensions of the game respectively.

Figure 3: Three Orders of Poker

[14] Buffet, Warren (2002): *Berkshire Hathaway annual report for 2002*. Berkshire Hathaway Inc., Omaha



The sucker is playing his luck in the order of the real. He believes the game to be governed by chance and thus luck. He will be winning some hands simply by being dealt strong hands, making lucky draws or by accidentally being misread by opponents because his playing follows no rational pattern, but in the long run he is most likely to loose his money being outplayed by the grinder or the player. The sucker is thus the one feeding the game with money. He is also thus sometimes referred to as a 'fish', meaning that he is at the bottom of the food chain destined to be eaten by sharks, as an 'ATM', meaning that he is the one dispensing cash into the game, or simply as the 'producer' of the game.

The grinder is playing the cards in the order of the symbolic. He submits every decision in the game to logical scrutiny and to him poker is a contest on mathematical optimisation. He relies on being able to outplay opponents by estimating the value of a hand at every moment of the game with superior accuracy. Being up against inferior opponents, the grinder will grind out a steady win by profiting on other players' errors, i.e. their deviations from mathematically optimal play. Furthermore, he is counting on the Law of Great Numbers evening out in the long run eventual lucky draws by his opponents.

The player is playing the man in the order of the imaginary. He masters the same calculations as the grinder and he is aware of what would be considered the 'correct play' in a given situation. Sometimes he will play the correct play but at times he will deliberately deviate from the logical pattern in order to lure and trap opponents. His strength lies in his capacity for empathy and psychological

manipulation. The player provokes fluctuations between his own imaginary order and his opponent's and when the difference between the two is in his favour he strikes by putting a fatal play on his unknowing opponent.

The three dimensions and the three possible positions in poker are comparable to the dimensions and possible positions in contemporary postmodern capitalism as a system for circulation of value.

Since poker is a zero-sum game obviously there is no production of value in the game. Nevertheless the position of the sucker in poker may be compared to that of the worker in capitalism. Just like the worker, the sucker acts in the most immediate relation to the real. The worker produces value by processing the real, in the form of natural products. The sucker is only wins when the real, in the form of randomness, graces him with a strong hand or a lucky draw. And just like the worker is the one feeding the capitalist system with surplus value to be exploited by capitalists and speculators, it is the sucker which feeds the game of poker with money to be redistributed in the order of the symbolic and the imaginary in favour of the grinder and the player.

The grinder may be compared to the position of the traditional capitalist. The capitalist accumulates profit by pricing labour at an exchange value which is below the actual use value of productive labour. In similar fashion the grinder grinds out his profit by "trading" the sucker's hand at a price deviating from the mathematically optimal. The grinder is betting his hands at a 'price' which is optimal according to the mathematical logic of the symbolic order. At the same time he is waiting for the sucker to make mistakes by either betting to high, folding to early or otherwise deviate from the actual value of his hands. The sucker operates in the order of the real but value in the game is distributed according to the rules and rationalities of the symbolic order. The grinder exploits this difference. The difference between the grinder's and the sucker's respective deviations from optimal play represents the grinders margin of profit. This is comparable to the rate at which the capitalist exploits the worker in general capitalism. The capitalist guards himself from threats to his business such as strikes, extreme weather, new competition in the market, changes in consumer preferences, etc. by adopting a long term perspective. He may experience good months and bad months, good years and bad years with varying dividends on his investments but he knows that in the long run these fluctuations will even out securing him an overall steady profit.

Finally, the way the player amasses value in poker is comparable to the manoeuvring of the speculator in postmodern capitalism. The speculator exploits fluctuations between different money markets. He may take a position in one currency for money borrowed in another currency, profiting from sudden changes in the exchange rate between the two. Sometimes the speculator is even in a position where he himself provokes such changes. The speculator exploits contractions and expansions in the very forms of money causing discrepancies between different segments of the imaginary order of capitalism. In similar

fashion, the player exploits discrepancies between his own and his opponent's imaginations of the game. The speculator is not looking for steady dividends on his investments. He is looking to make lots of money in a very short time and preferably in one single stroke. This equals the temporality of the player's game. The player is not looking to slowly grind out a steady profit but to make a big win in one spectacular move. He may need the same patience as the grinder but he is not waiting for the Law of Great Numbers to even out chance but rather for chance at some time to bring about that particular situation, he is planning to exploit for the big win.

The move from limit to no-limit unfolds the dimension of the imaginary in poker. With a no-limit betting structure, the consequences of divergences between different player's images of a game situation evolve exponentially. This means you can no longer rely on the Law of Great Numbers evening out the game in the long run if you just play by the statistical odds. Even if you loose only one single hand misjudging an opponent, this hand may be exactly the one busting your entire bankroll.

This is why no-limit poker is the form of poker most emphatically simulating postmodern capitalism. With the collapse of Bretton Woods and the floating of currencies, the imaginary order of capitalism is fragmented. There is no uniform standard for the conversion of money into value. Money, the medium for the exchange of capital and commodities, itself becomes a commodity to be traded at different prices fluctuating over time and space. There is no secure medium for trading and pricing commodities and there is not even a safe refuge for the storing of value. The dollar may go up or down relative to the Euro which may in turn move relative to the yen and even buying gold is not without risk since this is just another commodity, priced according to market fluctuations. The elasticity of the money form cannot be ignored by any actor in the market, not even simple capitalists looking to make money on old-fashioned exploitation. Even though the financial markets may have a largely virtual character with fluctuations due to purely imaginary and speculative causes, i.e. changes in the expectations of the market rather than actual changes in the market, the effects of these fluctuations on the rest of the economy are often as real as draughts, strikes or war. Say if speculators increase the supply of a given currency driving down the price of this currency, it will have profound implications for a local manufacturer importing raw material for his production from other regions, for a local entrepreneur financing his business expansion with foreign capital, for all the workers employed in these businesses and for the consumers in the region in so far as part of their consumption consist of imported goods. In a global economy there is no safe place to hide from the whims of the financial markets.

Similarly, in a game of no-limit poker there is a constant risk of being played. The very nature of poker is being a game of incomplete information. No hand, apart from the stone cold nuts (the best possible hand), has absolute value. The value of a hand depends on its strength relative to the opponents’ hands, thus

players are forced to imagine, which cards his opponents are holding. When trying to deduce an opponent's hand from his betting action there is a constant risk that the opponent is deliberately misrepresenting his hand e.g. by bluffing a weak hand or slowplaying a strong hand. Since each player hold and lack different pieces of information about the game situation each player will generate his own imaginary conception of the situation. Hence, the imaginary order of the game is fragmented and great discrepancies between different imaginations are made possible. In no-limit poker, the effects of such discrepancies are magnified and there is no way of playing your cards safely. You may be able to neutralise the fluctuations in the real, i.e. in the randomness of the cards, by using logic and statistics but there is no way of neutralising the fluctuations in the imaginary order by mathematical calculations. Just like a boxer, who lulls his opponent into a certain rhythm only to deliver a knock out punch on the off beat, the superior player will give the impression of playing according to a predictable pattern until his opponent feels confident being able to read him. At this moment the player will deviate from his pattern luring his opponent into a devastating play.

In philosophical terms, the similarity between post-industrial capitalism and no-limit poker is found in the impossibility of subordinating the imaginary to the symbolic. Neither financial markets nor the playing styles of skilled poker players are governed by definite rationality allowing their movements to be symbolised and predicted logically. At the same time, the relation between the symbolic and the real is highly affected by fluctuations in the imaginary order. The capitalist is never left at rest to just steadily and safely exploit the worker. His profit is rather constantly in danger of being swallowed by the speculator. And there is no safe place for the grinder to slowly take advantage of the sucker's miscalculations. He is rather at constant risk of being 'played' by the player.

In turn, since the speculator and the player do not rely on generating their profit through steady gains in the long run but rather on big and sudden wins, they become more vulnerable to the unpredictable nature of the real. A speculator may have correctly judged a currency to be overvalued, say GBP, thus being in a position to profit from a forward contract to sell an amount of this currency at a given future date. However, if the speculator holds a position in another currency, say Yen, while waiting for the Pound to drop to its 'proper' value, he is vulnerable to fluctuations in the price of the Yen. If for instance Japan is struck by a major earth quake causing a drop in the price of the Yen, the speculator may incur a loss far greater than what he was set to gain from his forward on GBP. He may have been right in his sense of discrepancies in the imaginary order but nevertheless devastated by unforeseeable events in the real.

Similarly, a player may have successfully put a play on his opponent luring him into an all-in situation in which the player has a major statistical edge of winning the hand but still be at risk of being drawn out. When Straus sets Alto all-in with three tens against two pairs after the flop, as described above, Alto still has an 8% chance of catching either a king to complete his full house or two consecutive

eights to give him four of a kind. Straus has created and taken advantage of a discrepancy in the imaginary order but he may still end up losing due to unpredictable events in the real. Unlike the grinder playing in a limit game, the player playing no-limit cannot rely on the Law of Great Numbers protecting him from bad beats since a bad beat in a no-limit game may turn out to be so costly that the player is thrown out of the game entirely. The inevitable element of chance in poker is what gives even the sucker a theoretical chance of beating the player. This is the great seductive charm of poker that makes suckers keep feeding the game with new money even though the money is most likely to be won by grinders and players.