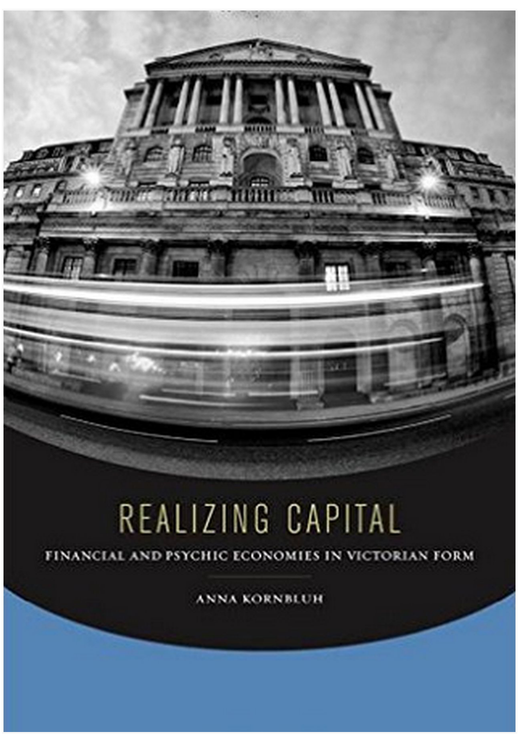
What We Talk About When We Talk About Finance

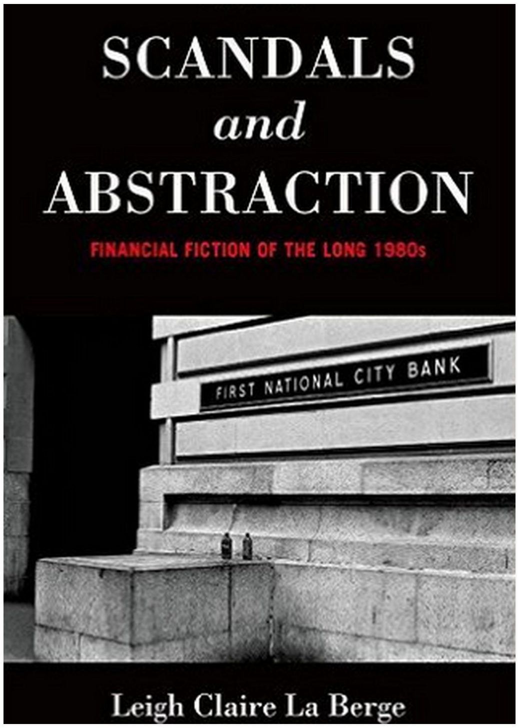
September 18, 2015 • By Michelle Chihara



THIS SUMMER, JPMorgan Chase CEO Jamie Dimon speculated that Elizabeth Warren didn't "fully understand the global banking system." The internet went wild over whether he was "mansplaining," which … sure, he was. But while gender bias is part of Dimon's dismissal of Warren, his accusation lacks a crucial element that's usually part of mansplaining: the explaining. Dimon never specified Warren's mistake, nor was he really expected to specify it. He lobbed an accusation of "you don't get it" and then ducked and covered.

Realizing Capital

ANNA KORNBLUH



Scandals and Abstraction

LEIGH CLAIRE LA BERGE

For high-level financiers, this is fairly common. It's a trick that financial authorities get to play when people from outside of their economic realm challenge them — say, academics from the humanities or women, to take two not unrelated examples. When their self-interest is on the line, the self-appointed figureheads of finance hide behind a rhetoric of complexity (think of former Fed Chairman Greenspan's Delphic pronouncements, which he has admitted were intended to confuse). Finance — as in the management of paper money in the form of credit, stock shares, debt, speculation, or as in large-scale money management as it is practiced today — has come to claim all things economic for itself. Dimon implied that, in part because she is a woman and in part because she is a politician, Warren isn't capable of understanding the complex reality of the global economic system. He also implicitly relied on the idea that economics is so difficult to understand that he himself can't be expected to articulate it in lay terms, as if its complexity is almost inherently ungraspable. He knows that Warren is a Harvard Law School professor, an expert in bankruptcy law, a scholar whose research basically gave rise to the US Consumer Financial Protection Bureau, the chair of the congressional panel overseeing TARP. But this is finance we're talking about. *She couldn't possibly understand.*

Of course, one does not need to understand the algorithms of finance to appreciate why Warren wants regulations and taxpayer protections. Long before the algorithmic complexity that Dimon is claiming as cover, politicians wrote legislation specifically to isolate the riskier side of finance and to avoid the "too big to fail" problem. In the 1930s, the Glass-Steagall Act separated commercial banking from the risks of investment banking. As taxpayers who footed the bill for finance's failure, we may disagree about how and whether Glass-Steagall would still work with modern finance. But it was written with a clear understanding of dangers which came to pass, in the wake of its slow dismantling and then death. By now, we should probably agree that we have a dog in this fight. Global banking has become terribly complex, both on the level of the stochastic equations used to build pricing models and in terms of the daisy chains of risk created by things like the credit default swaps of the 2008 crisis. But we don't have to know the equations to see that complexity is part of a ruse that bankers find convenient to wave in front of reformers like Elizabeth Warren.

The idea that finance is the naturally complex lifeblood of our economy whose path only a rarefied group of white men can chart, and not the triumph of the middle man: that's a trope. It's a cultural narrative, with material consequences. It's a cultural narrative that engages with the question of what is and isn't real because, for example, only Goldman Sachs's money was treated as real in the last crisis.

But while the Jamie Dimons of the world hide behind their obscurantism, the people who could best expose their story as such are fighting for their survival. I'm referring here to academics across the humanities, from political economists to, yes, literary critics — the real pros when it comes to the qualitative analysis of narrative and realism.

Two recent books stand as good examples of how we should be trying to understand finance, both because finance itself is deeply entangled with narrative and realism, and because the staggering rise of financiers as a class demands that we interrogate their cultural authority. Both books were written by women in the humanities: Leigh Claire La Berge's *Scandals and Abstraction: Financial Fiction of the Long 1980s* and Anna Kornbluh's *Realizing Capital: Financial and Psychic Economies in Victorian Form*.

La Berge and Kornbluh are by no means the first to point out finance's rhetorical moves. Back in 1990, the University of Chicago economist Deirdre McCloskey observed that economists have a tendency to answer criticism with accusations of a lack of understanding. In a book called *If You're So Smart: The Narrative of Economic Expertise*, and another called *The Rhetoric of Economics* (1986), she described economics not as a falsifiable science but as an essentially humanistic discipline to which storytelling and rhetoric are fundamental. "The English and modernist mistake […]" she wrote, "is to think of science and literature as Two Cultures." Literary analysis of economics, according to McCloskey in *The Rhetoric of Economics*, is essential because "figures of speech are not mere frills. They think for us."

Scholars in behavioral economics and economic anthropology have also done trailblazing research that supports the inherently humanistic qualities of finance. In economic anthropology, Donald Mackenzie has demonstrated that markets are performative, that they bring their own narratives into being. Philosopher and historian Philip Mirowski has traced the effects on markets of dominant neoliberal thought patterns. Economics, both the intellectual discipline and the realm of markets and prices, is more entangled with metaphor and narrative than the quants would have us believe. Material economic realities are changed by the use and abuse of metaphor and narrative.

Despite all this, when humanists take on the rhetoric of economics, economists scoff, and some self-marginalizing humanists back them up. At an academic conference in the humanities, I saw an excellent literary scholar attack his own discipline with the accusation that literary critics do a poor-man's version of philosophy or anthropology or economics, with the evidence being that our work would not be taken seriously in those other departments. But why should this be our standard? If 2008 taught us anything, it's that the whole culture has followed the economic quants far enough down the complexity rabbit hole. I would argue that it might be the scholarship that neoclassical economists dismiss most forcefully that we should look to for help in questioning the self-interested models that the financial sector asserts are real. As these books help us realize, it is humanists who are best trained to pull back the curtain on what we are talking about when we talk about finance.

In her book *Scandals and Abstraction*, La Berge gives a cultural history of twin perceptions: one, that the middle men making money on Wall Street are so central to our entire economy that they are synonymous with it; and two, that finance as those middle men practice it is way, way too complicated for us to understand. In both academic and popular writing about finance, she tracks and analyzes how and why finance gets described as complex or abstract. La Berge looks at journalistic media and movies, both nonfictional and realistic fictional narrative depictions of finance. All of these texts tend to deploy finance's difficulty, first, as a mark of cultural authority that bolsters their own. Command over complexity is the first hallmark of representative financial authority ("I get it, you don't"). Once that authority is established, the trope of complexity works "to suspend knowledge and description of that world by claiming its mechanisms are beyond our collective cognitive, linguistic, and epistemological reach."

La Berge is writing the story of how we understand and then refuse to understand finance. Her book's archive tracks financial print culture — movies, books, and media — in the "long 1980s," during the first heyday of American finance in the basic form that it takes today. She calls her book "a literary history of what happens to narrative form when too much money circulates at once." She traces finance's ability to stand in metonymically for the economy, capital E, back to this period. In movies like Oliver Stone's *Wall Street* and novels like Tom Wolfe's *Bonfire of the Vanities* she finds the beginning of a new aesthetic. That aesthetic worked to define what she argues became almost a new genre, hypermasculine financial realism — or, as I like to put it using Michael Lewis's term, Big Swinging Dick realism.

Big Swinging Dick realism both depends on and promotes the idea that financial complexity equals realistic (and that, of course, both equal male). La Berge writes, "For Wolfe, finance is complicated and therefore difficult to represent; for Stone, finance is exclusive and therefore difficult to represent. For both, the capture of finance, its representation, signals a success of the realist mode." The depiction of the big swinging dicks of Wall Street signals the real: money men and their crass assholery become themselves a hallmark of hard-hitting truth. We wouldn't believe *The Bonfire of the Vanities* without a white, male, aggressive Sherman McCoy or *Wall Street* without Gordon Gekko. The correlation with realism works both ways: money men and their unending dollars seem inevitable, both a condition of possibility for representing the real and proof of their own central importance. La Berge writes: "The economy comes to signify all that is organizing, objective and historical, all that changes but cannot be changed. It is that from which there can be no outside."

The prevailing sense across both art and journalism about finance that it's just not realistic to imagine a system where Gordon Gekko doesn't get all of the money is also supported by the idea that only Gordon Gekko can understand all of the money. During the savings and loan crisis, the term "complex deal" worked to shroud economic realities in what La Berge calls a "discourse of incomprehensibility." Such complexity and abstraction acquire an organic gloss, as if they were natural phenomena that sprouted complexly in a financial forest. Instead of asking who made them so complicated, that is, and why, the financial print culture around the S&L debacle tended to ask who was capable of understanding their complexity.

Neither art nor criticism is above reproach. La Berge implicates critical theory, in literature departments, in the process of building the intellectual edifice around finance's inherent abstraction. Postmodern theorists have theorized that our entire culture has taken on the qualities of fictitious capital during the reign of finance; Fredric Jameson, La Berge writes, has insisted that finance is "a categorical form that is uniquely abstract." In the 1980s, literary criticism also engaged in what La Berge calls a partial and "gradual disavowal of political economy," mostly in favor of the philosophical bent of deconstruction. The humanists, in other words, aren't immune to something a lot like the seductive pull of financial complexity. But it's still the humanists, including many deconstructionists, who have an archive that addresses the central problem: what are we talking about when we talk about the economy?

I point to La Berge's text as the kind of work in the humanities that begins with "the economy" as an abstract concept, a kind of metaphor, but one so familiar it has become invisible. American society's myopic focus on the economy draws a line around particular aspects of the way our society functions, then mistakes that part for the whole. In a recent book that focuses on the history of carbon and fossil fuels, Timothy Mitchell describes a debate that raged in the early 20th century about what "economics" was: "One side wanted economics to start from natural resources and flows of energy, the other to organise the discipline around the study of prices and flows of money. The battle was won by the second group, who created out of the measurement of money and prices a new object: the economy." The second group's victory is now so total that American culture unquestioningly accepts the idea of "the economy" as a sovereign realm of money and prices, an organic entity that governs society but refers only to itself. "The invisible hand" is just one of this metaphor's many guises. The idea that social and state power, natural resources, and even history itself are external and almost superficial to the market's definition of what is real — that idea's dominance is relatively new.

So while theoretical complexity in the humanities tends to be disdained as ivory tower impracticality, it's humanities scholars who never really stopped questioning what "the economy" is, what it does or doesn't refer to. While La Berge nods to Mitchell's book, she also describes how critical theory, journalism, literature and film, and political theory have all along been focused on the "central problem" of "whether the totality of 'the economy' existed and how it could best be described." This central problem certainly requires an engagement with representations of the economy, as well as an understanding of economic referents. But it is, at base, a humanistic problem.

It's also a problem that benefits from the expertise literary scholars have in tracing the long history of realism, or the history of how and why a culture draws boundaries around what seems realistic. In *Realizing Capital*, Anna Kornbluh, a scholar of Victorian culture, writes a cultural history of another central abstraction. Kornbluh wants to denaturalize one of the "seminal metaphors of late modernity": the idea of "psychic economies." What, she asks, is the psyche's relationship to the thing we call the economy? Is the economy powered by our innate desires? Are our inner lives really like little economies? Alongside the idea that powerful finance dudes like Gordon Gekko or Sherman McCoy are what's realistic (*it's just the way it is*), Kornbluh places the idea that finance expresses a given psychological reality (*it's just the way people are*). She questions "the idea that subjectivity is fundamentally economic and that the economy is fundamentally psychological."

Kornbluh looks at how fiction, in the form of the 19th-century realist novel, wrestled with the early days of the rise of the regime of fictitious capital. One thread of her argument is historical: finance "gained traction in part through the economic metaphors in psychology." The Victorian novels that she analyzes, Dickens, Trollope, and Eliot, question and mediate that gain. The other thread of the argument claims for realist novels the power to intervene in the cultural processes that structure capitalist society. Realism is always first and foremost an examination of what is real. Kornbluh claims that realism begins with "the premise that reality is not self-evident — that the structuring metaphors of the world merit and indeed require elaboration of the sort uniquely afforded by literature."

George Eliot's *Middlemarch* is often quoted for this indictment of metaphor: "We all of us, grave or light, get our thoughts entangled in metaphors, and act fatally on the strength of them." But for Kornbluh, this line points toward *Middlemarch*'s central target, not metaphor per se but the dangerous metaphor of psychic economy itself. Her reading marshals much of the novel against the idea of sympathy as a scarce resource. If literature can widen and generate our sympathies, then this "directly contradicts any mean economy of sentiment." The novel challenges the naturalization of the limits on sympathy placed by psychic economy. In Eliot's frequent addresses to the reader, Kornbluh finds the language of finance used against psychic economy. She forces the reader to question the zero-sum nature of our own internal resources: is the reader unable to feel because she has run out of sympathy, or is she unwilling to feel?

For Kornbluh, realism written in the 19th-century blossoming of finance capitalism performs much of the same work as political theory. She works with a specifically Marxist framework, but instead of subjugating literature to a Marxist program, her version of "aesthetic mediation" finds similar historical, aesthetic, scientific, and political thought in Marx's metaphors and in the critiques embodied in novels. She seeks to affirm "realism as an economically astute mode of thinking." Her Victorian authors do not take for granted an inner self structured by economic laws; they write characters and sentences that embody a challenge to what the economy is, to whether it refers to natural drives that originate in our psyches. The realist novel, Kornbluh insists, "gives us to see the metaphors of modernity."

La Berge and Kornbluh rely, in differing ways, on a Marxist vocabulary, which opens its own set of debates within and among disciplines. Both authors negotiate a specific relationship to Marx and his language, to Foucault, to deconstruction, as well as to neo-Marxists like Giovanni Arrighi and David Harvey. Kornbluh uses a more specifically Marxist framework friendly to deconstruction than does La Berge, but both avoid writing pure political theory. Kornbluh calls her approach "financial formalism." La Berge recognizes that some Marxist debates have become "reactionary and sclerotic," but notes that Marx is at his strongest when demonstrating that value "is social, exploitative and imminently transformable" — both real, and socially constructed.

Kornbluh's language use matters. In the kind of work she and others are doing, some unfamiliar vocabulary is necessary because the metaphors in question are so ingrained in the language that we barely recognize them as metaphors. Everyday American diction is permeated with the idea of psychic economy: children who are "high-needs" and men who are "low-maintenance" suggest internal laws of supply and demand, while the economy is an organic entity that can be "irrationally exuberant …" La Berge's and Kornbluh's research begins with the ways in which the realms of value, fiction, and language are inextricable from each other. Money is a real fiction, itself a representation, and as Kornbluh writes, it is like literature, "a kind of representation that makes a claim to value." Money is "a claim to represent an abstraction that lacks ontological positivity, money contrives to effectuate the concrete existence of that abstract substance" that is value. It's only in seeing this contrivance that we might see how we create value and what is realistically open to change.

Outside of the academy, work like La Berge's and Kornbluh's has a statistically significant chance of spurring knee-jerk attacks on their egghead feminine understandings of finance (call it the Warren / Dimon law). Inside the academy, or in economics departments, this work is in danger of being dismissed as sissy book stuff. But scholars shouldn't fall for these taunts. The hypermasculinization of finance evolved alongside a long history in which literary pursuits are feminized when they're being devalued. But this work lacks neither understanding nor *cojones*, so to speak.

La Berge and Kornbluh do enter a lively scholarly meta-discussion about terms and disciplinary boundaries — about what is jargon and what is not, about who owns economic terms, and about what we imagine we're doing when we use them. Perhaps these debates are part of finding a language to force the culture away from tired intellectual habits. Humanities scholars, like economists and STEM scientists, need a shared theoretical vocabulary which may not be market-friendly. Perhaps a shared vocabulary combining literary theory and economic terms will acquire some new theoretical name. But the disagreements and soul-searching should not be used as evidence against the humanities' urgency and relevance. It may be a necessary part of the effort to hold open the door to new ideas — ideas defined neither by archaic radicalisms nor by the limited vocabulary of today's financial "common sense."

Mark Fisher wrote in *Capitalist Realism: Is There No Alternative?* that “no cultural object can retain its power when there are no longer new eyes to see.” It’s not easy to find new eyes in the overstimulating deep surround of late late capitalism. American common sense, in the Gramscian sense, asks that we police our own thought in strict economic terms: we “don’t buy it” if it’s not “realistic.” Books like La Berge’s and Kornbluh’s look for new eyes by starting with a historically specific view that different realities *and* different realisms are not only possible but documented. They push to defamiliarize our understanding of finance, to destabilize the choke hold that market-driven thought has on our entire framework of what might be “realistic.”

So a necessary part of the answer to the invented crisis in the humanities, then, can only be further study of the crisis of finance capital. Literary critics are already practiced at wrestling with postmodern theorists, which makes us better prepared to go to battle with the complex words, worries, and wishes that make up finance and its obvious problems. Humanists are already interrogating the ideological, irrational, subtextual, and even subconscious forces that are the building blocks of our economy.

Law professor Jedediah Purdy, in the wake of yet another attack on the liberal arts, wrote: “A successful humanities education makes the obvious questionable and shows that the present is neither eternal nor inevitable. These are not goals designed to pass market tests or bend to the ideologies of wealthy donors.” While the radical inequality in our society is now a recognized fact, there is still little political vocabulary or political will to find a language to describe a new way forward. Common sense dictates: finance is the economy, the economy is who we are, we want to do well, so realistically, the hypermasculine captains of finance — the Gordon Gekkos and Jamie Dimons of the world — are just the way it is.

But the humanities have the archive, the authority, and the expertise to render unfamiliar and therefore visible the framework against which we must measure these big swinging dicks of finance. It’s only in a complex and nuanced critique of how and why such a-holes represent us to ourselves that we will see that the present tense they own is neither eternal nor inevitable.

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