The Financial Sector as a Zone of Moral Confusion

Bruce Robbins
Columbia University

Confusion is what we've learned to expect from global capitalism, especially in capitalism's present, or "financial," stage. In his 1983 essay "Cognitive Mapping," Fredric Jameson writes that the truth of any individual's experience "no longer coincides with the place in which it takes place. The truth of that limited daily experience of London lies, rather, in India or Jamaica or Hong Kong; it is bound up with the whole colonial system of the British Empire that determines the very quality of the individual's subjective life. Yet those structural coordinates are no longer accessible to immediate lived experience and are often not even conceptualizable for most people."[1] This is not the confusion I'm thinking of. The confusion I'm thinking of begins with whether I still believe in what has long been, for me, an unquestioned postulate: capitalism's sublime epistemological inaccessibility.

Consider some antecedents. In 1939 George Orwell wrote that "the overwhelming bulk of the British proletariat doesn't live in Britain but in Asia and Africa. . . . This is the system which we all live on."[2] He gave no sign that he thought there was a problem with knowing that this was

1 Fredric Jameson, "Cognitive Mapping," in *Marxism and the Interpretation of Culture*, ed. Cary Nelson and Lawrence Grossberg (Urbana: University of Illinois Press, 1988), 349.

2 George Orwell, "Not Counting Niggers," *Adelphi*, July 1939; George Orwell, *The Collected Essays: Journalism and Letters*, ed. Sonia Orwell and Ian Angus (Harmondsworth: Penguin, 1970), 1:434–438.

Bruce Robbins is the Old Dominion Foundation Professor in the Humanities at Columbia University. His recent publications include *Upward Mobility and the Common Good: Toward a Literary History of the Welfare State*, *Immanuel Wallerstein and the Problem of the World* (coedited with David Palumbo-Liu and Nirvana Tanoukhi), and *Perpetual War: Cosmopolitanism from the Viewpoint of Violence*. He is also the director of a documentary entitled *Some of My Best Friends Are Zionists*.

the system we all live on. In 1961 Sartre wrote in his preface to Fanon's *Wretched of the Earth*, "You know well enough that we are exploiters. You know too that we have laid our hands on first the gold and the metals, then the petroleum of the 'new continents.' . . . [A]ll of us without exception profited by colonial exploitation."[3] He says that this is something we all know well enough. No problem of knowledge for Sartre either. The dilemma that Sartre and Orwell are trying to face is not epistemological but political: how to elicit solidarity for what they would both call socialism when the interests of the parties do not coincide—more precisely, when Europeans like themselves are the beneficiaries of the exploitation of distant, non-European labor. We should not confuse the geographical space between producers and consumers or their different economic interests or even their differences of experience with a problem of epistemology.

It seems possible that Jameson pays so much attention to epistemology—the inaccessibility of global structural determinants to the experience that they determine—because he can glimpse moral consequences coming and wants to head them off. India, Jamaica, Hong Kong: the first two places he mentions are former colonies and at the moment of publication were both representative sites of extreme poverty. Their moral relationship with London is at least implicit. Hong Kong, the third geographical name on the list, was still a colony in the 1980s, and it was uncertain whether it would remain under British rule. But when Jameson was writing, the People's Republic of China (PRC) had come up with its "One Country, Two Systems" policy, commerce and finance were thriving, real estate prices were skyrocketing, and Hong Kong was already seen as one of the wealthiest spots in Asia. So the example looks forward at the economic rise of the Asian Tigers and the PRC, a rise that some would see as troubling any zero-sum model of world capitalism: the Orwell-Sartre model that assumes, with high indignation, that you suffer there so that we can prosper here. Note in passing how devastating this model is for the assumption that we are the 99 percent. Globally speaking, "we"—we citizens and residents of the metropolitan center—are closer to being the 1 percent, not the 99 percent, and this in spite of all our debts. The problem isn't empirical accuracy; no one really thinks that "we are the 99 percent" is an empirical statement. The problem is the claim to moral innocence and the disavowal of privilege. I would have thought that my colleague Gayatri Chakravorty Spivak had made that cautionary point often and convincingly enough.

Jameson may also have avoided unconditional commitment to the zero-sum paradigm because he wanted to maintain the option of separating off politics at different scales. If you do an Internet search for "zero-sum economics," most of what you get is apologists for capitalism seizing upon the zero-sum, my-gain-is-your-loss logic in order to explain triumphantly that though capitalism's moralistic enemies are forever trying to oversimplify things, this is not actually how capitalism works. On the other hand, Googling "zero sum" also gets you some critics of capitalism, like a piece in *Salon* by Robert Reich called "Economic Prosperity Is Not a Zero-Sum Game."[4] Reich makes the basic Keynesian point that "even the very wealthy" should realize that their success depends on "a broader-based prosperity. That's because 70% of economic activity in America is consumer spending. If the bottom 90% of Americans are becoming poorer, they're less able to spend. Without their spending, the economy can't get out of first gear." It's the same

3 Jean-Paul Sartre, preface to Frantz Fanon, *The Wretched of the Earth*, trans. Constance Farrington (New York: Grove Weidenfeld, 1961), 25.

4 Robert Reich, "Economic Prosperity Is Not a Zero-Sum Game," *Salon* (online), January 29, 2013, www.salon.com/2013/01/29/economic_prosperity-isnt_a_zero_sum_game_partner.

pragmatic point that European social democrats have been making about Germany's relation to its neighbors to the south: we northern Europeans won't stay prosperous if we impose austerity on our Mediterranean neighbors. And it's the point that Paul Krugman makes when he explains the difference between family budgets and national budgets: the family budget really is zero-sum in the sense that if you spend more than you take in, you lose, whereas for a nation in a world of other nations, what you spend comes back to you as what they are able to buy of your products. (Exactly why this does not hold for a family in a world of other families—why scale matters so much, the principle seemingly being the same—is a question to which I invite responses from those with more economic expertise than I have.)

I'm suggesting that by adding Hong Kong to India and Jamaica and thus withdrawing subtly from the zero-sum model, Jameson may have wanted to save the possibility of practicing, when the occasion called for it, a Keynesian or non-zero-sum politics, or—another way of saying the same thing—saving the possibility of practicing politics itself at the domestic scale and in nonrevolutionary times. In his "Actually Existing Marxism," the imperative to defend the welfare state under nonrevolutionary circumstances is the gist of one thesis.[5] I ask myself, and I ask you, whether we are prepared to disagree—whether we want to affirm that zero-sum applies equally, in terms of practical political choices, at every scale and thus to reject the Keynesian anti-austerity case, as made by people like Krugman. Do we believe, will we hold publicly, that things are zero-sum all the way down, not just in the long run but today and tomorrow and next month when the Tea Party section of Congress tries again to shut the government down?

In short, what do we think of Paul Krugman? Reviewing Philip Mirowski's *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*, Paul Heideman describes Krugman as part of neoliberalism's "loyal opposition," unable to abandon completely its economic assumptions even while critiquing it and therefore impotent or at least "ineffective."[6] Those of us who bless Krugman's existence when he takes on mainstream supporters of austerity, here and in Europe, are therefore living in false consciousness. Marx was right, Keynes was wrong. Heideman gets points, however, for going on to show that Mirowsky doesn't do any better than Krugman in explaining why exactly things have turned out as badly as they have—which is to imply that Mirowsky has not fought free of our common confusion either. What is effective? Heideman is also right on target in throwing out the idea that lack of popular resistance can be blamed, as Mirowski thinks, on "everyday" neoliberalism, the penetration of the entrepreneurial model deep into our most intimate habits. This is the same paranoid error that animates the belated and unpersuasive polemic against Marx in *The New Way of the World: On Neoliberal Society* by the Foucauldians Pierre Dardot and Christian Laval.[7] For them, Foucault was right and Marx was wrong. A little confusion might be more helpful on this point than all this clear, confident choosing of gurus.

In a 2011 review of David Harvey's *The Enigma of Capital*, Benjamin Kunkel distinguishes Marxist and Keynesian readings of the financial crisis as follows: "Keynesians complain of an

5 Fredric Jameson, "Actually Existing Marxism," in *Marxism beyond Marxism*, ed. Saree Makdisi, Cesare Casarino, and Rebecca E. Karl (New York: Routledge, 1996), 14–54.

6 Paul Heideman, "Bulletproof Neoliberalism," *Jacobin*, Spring 2014, 75; Philip Mirowski, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown* (London: Verso, 2013).

7 Pierre Dardot and Christian Laval, *The New Way of the World: On Neoliberal Society* (London: Verso, 2013). I make this point at greater length in a review of *New Way of the World* in the *Los Angeles Review of Books* (forthcoming).

insufficiency of aggregate demand, restraining investment. The Marxist will simply add that this bespeaks inadequate wages, in the index of a class struggle going the way of the owners rather than the workers."[8] How far apart are these positions? Harvey, in his more recent *Companion to "Capital,"* Volume 2, compares the bank crisis of 1848 with the economic crisis in Greece in 2011—the loss of trust in Greek government bonds. He writes as follows: Marx "would certainly have lined up far more closely with the Keynesians than with the monetarists. . . . But he would never, I think, have believed that the crisis tendencies of capitalism could ever be contained, let alone overcome, by financial reforms. A careful reading of these chapters, I believe, supports that view."[9] I would have thought there would be no doubt on that question. The fact that Harvey recommends a "careful reading" suggests that there is in fact some doubt—that there may be more common ground between Marx and Keynes than Harvey himself had suspected. The very existence of Harvey's book and its focus on the little-read volume 2 of *Capital* already make that point. Harvey writes that, by the end of volume 2, "Marx is talking (albeit somewhat reluctantly) about how working-class demand, along with the manipulation of working-class wants, needs, and desires, becomes critical for . . . capitalist accumulation."[10] And Harvey is talking, though Marx is not, about how "the contradiction between production and realization might be attenuated or even effectively managed, and that is by resort to credit."[11] Hence, we have the problem of "how to wage class struggle against, say, the merchants, bankers, currency traders and the like, and to understand the many activities in which they engage (insurance, hedging, betting on derivatives, collateralized debt obligations, credit default swaps, and so on)."[12] It seems that the difficulty of mobilizing hearts and minds against the rentier and unearned income, which seems tied to the recent phenomenon by which Main Street's pension funds are invested in and identified with Wall Street, in fact goes back farther than financialization. Here is another source of moral confusion. Note that the high moral outrage that is such a distinctive tone of *Capital*, volume 1, is conspicuously missing from *Capital*, volume 2, the volume about the problem of demand.

One benefit of bringing the Greek crisis into an American studies conversation is the reminder of how old-style national personifications loom up out of the fog of financialization, leaving you uncertain as to what you just saw, or didn't see. MSNBC's *The Dylan Ratigan Show* had a guest on some time back whose subject was "Becoming China's Bitch." The guest was a former partner in Goldman Sachs and he was making the case for budget cutting. But the spicy, proto-racist language wasn't entirely out of place on a network that is trying to convert the financial crisis into national-popular common sense. I'm confused as to whether, within a financialized state of capitalism, we can or should identify nations as winners and losers. The answer will make a difference to our sense of what moral and political position-taking is possible or plausible.

Being in debt is of course a sign of weakness, as is obvious from what we know today about student debt, mortgage debt, and credit card debt. My generation grew up thinking of chronic indebtedness as a condition imposed by the world capitalist system on the nations of the Third World—perhaps even as their defining condition, the most characteristic sign of the neo-imperial order, even more so than being on the receiving end of military violence. But this leaves me

8 Benjamin Kunkel, "How Much Is Too Much?," *London Review of Books*, February 3, 2011, 13; David Harvey, *The Enigma of Capital* (London: Profile, 2010).

9 David Harvey, *A Companion to Marx's "Capital," Volume Two* (London: Verso, 2013), 217–18.

10 Ibid., 3.

11 Ibid., 4.

12 Ibid., 13.

somewhat at a loss when I'm told that being deep in debt is a crucial characteristic of the strongest economy in the world, that of the United States. What does it mean about the world system when debt shifts from poor countries to rich countries? Is it possible that being in debt can be a sign of strength rather than of weakness? The Right would of course answer no: debt is an enormous problem for the United States. But this is not just a right-wing position. Wouldn't Marxists say the same? The Left itself seems divided as to whether the bills eventually have to be paid or not.

The indebtedness of the United States seems structurally parallel to that of Greece, which is disastrous. But that is not necessarily how things look from Greece. Greek economist Yanis Varoufakis presented in 2003 the hypothesis "that the defining characteristic of the global political economy was the reversal of the flow of trade and capital surpluses between the United States and the rest of the world. The hegemon, for the first time in world history, strengthened its hegemony by willfully enlarging its deficits, once it had lost its surplus global position."[13] That was in 2003. But even after the crash of 2008, Varoufakis maintained that US indebtedness was a winning move "that began in 1971 with an audacious strategic decision by the US authorities: instead of reducing the twin deficits that had been building up in the late 1960s (the budget deficit of the US government and the trade deficit of the American economy), America's top policy makers decided to increase both deficits liberally and intentionally. And who would pay for the red ink? Simple: the rest of the world."[14] Even if the United States is no longer "a giant vacuum cleaner, absorbing people's surplus goods and capital," or a global minotaur, as Varoufakis also calls it—and to me this is an open question—the principle remains that debt can be a source of strength.[15] Are we sure this is wrong?

Americans and Greeks may both need to be reminded that, bad as the debt crisis is in Greece, from a Greek perspective being in debt has to be seen as also a privilege, a politically engineered privilege. Before Greece's entry into the eurozone, it was impossible for Greeks to get loans for things like houses, cars, or student living expenses. If you didn't have the money to pay outright for a house or a car or living expenses while in school, then you didn't have the house or the car and you didn't go to school. In this sense, it is possible and even important to say, however wrongheaded it sounds, that the majority of the people were deprived of the possibility of going into debt. Indebtedness is an opportunity they were denied.

Varoufakis does not say, but I think we should, that the capital vacuumed up by the United States from around the world has maintained the average standard of living in the United States at a level considerably higher than the world's average standard of living. It needs to be said even if this was accomplished in large part by substituting credit for real wages, even if indignation is the right reaction to inequalities of debt and inequalities in the conditions of the repayment of debt in the United States. The Debt Resistors' Operations Manual, an anonymous 2012 publication that came out of Strike Debt and Occupy Wall Street, asks, "How is it possible that three quarters of us could all have just somehow failed to figure out how to properly manage our money, all at the same time?" It sounds funny; it sounds like a nicely sarcastic way of saying that this was not something we did but had to be something that was done to us. And, lord knows, leaving school with $25,000 or $50,000 in student debt is no joke. But when the manual tells us that

---

13 Yanis Varoufakis, *The Global Minotaur: America, the True Origins of the Financial Crisis and the Future of the World Economy* (London: Zed Books, 2011), x.

14 Ibid., 22.

15 Ibid.

"76% of Americans [are] debtors," shouldn't it have made some mention of the goods and services that were consumed in the process of creating that debt? It's hard to believe that concern for the real poor in America, not to speak of the real poor outside America, requires that we maintain ourselves in this state of willful confusion.

Confusion is not my conclusion. A politics of debt resistance is necessary: it's probably the single most dynamic and promising survival of the Occupy movement in the United States, and it probably also has the most potential to expose the system's contradictions, as we used to say. To these propositions I am only adding that, in getting behind a politics of debt resistance, we do not want to forget our own contradictions: for example, the fact that many debtors are also creditors, via our pension funds; the fact that Social Security and Medicare are debts that the government owes us, debts that we must demand payment of; the fact that a foolishly consistent anti-debt politics, aimed at government debt as well as other kinds, would play into the wrong hands and hurt the wrong people; and finally the fact that as residents of the global hegemon, we cannot expect our local politics to translate perfectly into a politics that will serve the interests of everyone everywhere. A