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The cunning of stupidity

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I want to start with a joke, which I believe should be attributed to the Jewish Italian comedian Moni Ovadia. A Jew tries to convince a gentile friend to buy a barrel of tuna fish from him. The friend is reluctant – what can he do with a barrel of fish? – but the Jew keeps nagging until he succumbs. A few days later the two meet, and the Jew notices his friend's fallen face. "What happened, is everything alright?" he inquires. "Don't ask", the friend answers. "I opened the barrel and it was awful. The fish was all rotten". "Have you gone out of your mind?!" the Jew replies. "It is not for eating! It is for buying and selling!"

The joke is obviously about finance, and more specifically about financial crises and the relation between real and financial economy that surfaces at times of crisis. For finance, things are 'for buying and selling', regardless of their intrinsic properties. A financial crisis is the moment when we discover that the fish are rotten: the moment when we discover that the indifference of finance to the intrinsic properties of things is for some reason destructive of these very properties. A somewhat less obvious lesson of the joke is that this relation between real and financial economy is predicated on temporality and narrative. The tension between them wears a familiar narrative form of belated recognition. In the end, when it is too late, we suddenly understand that things, 'real' things, were governed by their place in financial dynamics. We understand that, in some sense, real things were financial from the very beginning. Before the subprime crisis, mortgages were considered the financial tool for making home ownership accessible for the American middle classes. After the crisis, we understood that homes were in fact the means for creating mortgages. Homes were financial tools, used on the one hand to finance consumer debt, and on the other hand to fabricate increasingly complex financial tools designed for the sole purpose of buying and selling. *The Financial Crisis Inquiry Report* invoked the narrative of belated recognition in a less joking manner, with reference to horror movies:

> On the surface, it looked like prosperity. After all, the basic mechanisms making the real estate machine hum … were tools that had worked well for many years. But underneath, something was going wrong. Like a science fiction movie in which ordinary household objects turn hostile, familiar market mechanisms were being transformed. (FCIC, 2011: 6)

Underlying this awkward metaphor is a terrifying recognition that finance has infiltrated the

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very foundations of our reality: "Unlike so many other bubbles … this one involved not just another commodity but a building block of community and social life and a cornerstone of the economy: the family home" (FCIC, 2011: 4).

Amin Samman's *History in Financial Times* (2019) also shows how belated recognition informs historical consciousness in financial capitalism. In the aftermath of the 2008 crisis, popular and professional economic discourse rediscovered history. Financial journalists as well as policymakers turned their attention to past crises in order to come to terms with their present situation. That itself is a point worth making. The mainstream economic mind derives immeasurable pleasure from imagining the human being as an idiotic pleasure-measuring mechanism. The explicitly a-historical conception of society grounded on this grim view of humanity gained currency with the victory of neoliberal capitalism, in which 'the end of history' is conceived less as the actualization of reason or spirit, and more as the totalization of the mode of economic calculation to encompass all aspects of society. Within this framework, it is no accident that history becomes synonymous with crisis. Indeed, as Samman shows, the recourse to the past among financial commentators became increasingly historical as the crisis unfolded. At first, recollections of past crises were framed in the financial press within the economic notion of the business cycle, which expressed a belief in the possibility of quick recovery. As the crisis refused to disappear, the shadow of the 1930s and the Great Depression became more intense, serving as a backdrop for speculations about whether a new epochal change in the history of capitalism was underway. Historical consciousness assumes its full meaning with this recognition of an openness and indeterminacy embodied in a present moment in time. Sceptics, however, might ask whether this is, in fact, a mechanism of defense from history. If newspapers are speculating about the beginnings of an epochal change, then nothing really new has happened – they are simply going on as normal, pointing out novelties and trends as part of their business of selling stories.

Samman shows how the historical imagination that surfaces at the time of crisis is organized through two related narrative figures: *recurrence* and *revelation*. Both historicize the present by summoning the past, but they differ in the form of explanation they imply. Whereas in narratives of repetition, the past is called on to explain the present, narratives of revelation retroactively transform the image of the past so as to find in it the origin of the present. The two figures warrant the basic historical act of weaving the present moment into a narrative, yet maybe they should also be seen as constraints upon the historical imagination. That may be the case because of the double role they play: a recollection of the past which is also a rediscovery of history itself; an acknowledgment of our disavowed historicity by means of a recollection of a past. It is an acknowledgment as a form of disavowal: turning to the past to find in it an image of the present.

Samman's approach to history can be described, with some inconvenience, as idealist. It manifests an idealist tendency in the primary role it assigns to narratives and acts of narrating in the production of history. 'History feeds upon history', as he quotes from Paul Valéry. Samman elaborates this view with the concept of a *strange loop*, which he imports to the study of history from Douglas Hofstadter's work on consciousness. A strange loop is "a quasi-historical process … in which the recollected past shapes the way we apprehend and negotiate the present" (Samman, 2019: 5). It denotes those moments when "time folds back on itself, such that the present takes shape through a vista of imagined pasts and projected futures (we remember the Great Depression, or we spy another on the horizon)" (5). The tropes of recurrence and revelation, which Samman uncovers in various attempts to come to terms with the financial crisis and its aftermath, belong to this realm of "recursive action of the past on the present" (5). In both tropes, the recollection of past events, and the placing of our moment in time within a narrative, give shape to our present self-understanding. To say that this approach manifests an idealist tendency is not to say that its object is not real. The way we understand our present is a real historical fact. It shapes both public discourse and policymaking. Our imaginings of past and present, and more importantly, the limits to our imagination, define our being within a historical moment. That is the truth embodied in the critical cliché, that 'it is easier to imagine the end of the world than the end of capitalism'. The limit to our imagination is a hard fact of history. Its unconditional nature as impossibility, which mere historical events lack, expresses our enclosure within our time. The ways recurrence and revelation inform our understanding of the present disclose the roles both of *imagination* and of *limits to imagination* in shaping a historical moment. In each, the matrix of imagining is given in advance.

The idealist bias of Samman, however, leaves an important question not fully answered. Exploring the historical imagination that surfaces at the time of crisis, Samman contributes to the effort to conceive of financial capitalism as a more or less distinct political, social and cultural era. The question that remains is how the narrative tropes he explores are related to finance in its narrower sense. Why does historical imagination wear these specific forms in financial times? To propose an answer, we can note that Moni Ovadia's joke offers a materialist mirror image of Samman's view. The joke encodes a materialist view of finance not only because it deals with the fate of matter under finance, but also because it anchors the narrative form of belated recognition in the form of circulation characteristic of finance. The question we need to ask is why this form appears inevitable. Why must the fish in the barrel turn out to have gone bad? Why do we discover too late that familiar market mechanisms have turned hostile, like household objects in a bad science fiction movie? The answer is tautological, and for that reason contains a definition of financial capitalism. Capitalism is financial to the extent that financial tools assume their own aims independently of their formal definition as subsidiary to real economic aims. In other words, financial capitalism is characterized not simply by the multiplication of financial mechanisms, but by a blurring of the distinction between real and financial. We live in financial times insofar as we cannot clearly delineate the realm of finance. Distinguishing between real and financial is not a matter of sorting out which economic objects belong to which realm, but of detecting the different temporalities in which objects, and sometimes the very same objects, are steeped.

History in Financial Times sets for itself an ambitious goal. Its questions belong to "what used to be called the philosophy of history", and its aim is "to elaborate and enact a philosophy of history fit for the world of contemporary global finance" (2). The book stands up to its task to the extent that it provides an answer to the fundamental question in the philosophy of history: why does humanity have a history? Why do we reserve a special term for some dimension of human temporality, distinguished from physical or biological temporality? Why do we distinguish it, for example, from evolution? The answer that the book provides follows in its general outline a familiar one: humankind has history because it has memory. The human being possesses a living memory and human societies have written and institutionalized forms of memory. Exploring the roles that recurrence and revelation play in our perception of the present time, Samman follows the idea that memory makes the human not one with his time. We can find this idea in Marx's famous claim that "men make their own history … under circumstances existing already, given and transmitted from the past. The tradition of all dead generations weighs like a nightmare on the brains of the living" (Marx, 1934: 10). In a Nietzschean formulation, once children understand the expression "it was" they are introduced to the basic form of human existence: "an imperfect tense that can never become a perfect one" (Nietzsche, 1997: 61).

Samman's unique contribution lies in elaborating a philosophy of history appropriate specifically to financial times. In this context, as the book shows, history is related not exactly to memory, as a cumulative continuous process, but to sudden recollection – to the sudden acknowledgment of the very fact of history within contexts that systematically disavow it. In other words, Samman elaborates a philosophy of history that assigns a role not only to memory but also to forgetting. Financial bubbles necessarily involve a forgetting of history. That is why, beyond the differences in their historical contexts, they display a basic similarity. The FCIC report acknowledges this role of forgetting with a further awkward science fiction metaphor, citing a bank CEO who testified to the committee that the desire for quick profits blinded people to fiscal realities: "'You may recall Tommy Lee Jones in *Men in Black*, where he holds a device in the air, and with a bright flash wipes clean the memories of everyone who has witnessed an alien event', he said" (FCIC, 2011: 4). The systematic disavowal of history wears many forms in financial capitalism. It is apparent in financial media, where "finance in general has become a timeless media spectacle", featuring a never-ending stream of media stories and a "cacophony of voices, images and events" (Samman, 2019: 71). It is implied by option pricing models, which disclose a form of "market-completion fantasy" where all things, times and places will find their correct prices (71).

Forgetfulness, however, may be steeped deeper in our economic environment. Nietzsche starts his inquiry *On the Uses and Disadvantages of History for Life* not with memory, but with the human desire to forget. He stages it in an impossible dialogue with a peacefully herding beast:

> A human being may well ask an animal: 'Why do you not speak to me of your happiness but only stand and gaze at me?'; The animal would like to answer, and say: 'The reason is I always forget what I was going to say' – but then he forgot this answer too, and stayed silent: so that the human being was left wondering. (Nietzsche, 1997: 60-1)

That is actually a dialogue between the two protagonists of Samman's book, *homo economicus* and *homo historia*:

> Consider the cattle, grazing as they pass you by: they do not know what is meant by yesterday or today, they leap about, eat, rest, digest, leap about again, and so from morn till night and from day to day, fettered to the moment and its pleasure or displeasure, and thus neither melancholy nor bored. (Nietzsche, 1997: 60)

This could very well be a description of the hedonistic creature on whose image neoclassical economic theory is grounded. Maybe economics is not simply an a-historical science, but a science founded on the desire to forget. Enfolded in its basic assumptions is a desire to turn the human being into Nietzsche's beast, which "lives unhistorically": the economic agent, like this beast, is honest, "it is contained in the present, like a number without any awkward fraction left over; it does not know how to dissimulate, it conceals nothing and at every instant appears wholly as what it is" (61). It would be wrong to conclude that the monstrous expansion of the economic frame of mind with neoliberal capitalism has succeeded in turning the human being into a blissfully herding beast. Yet the desire to forget may be crucial in addressing what three decades of research on neoliberalism has yet to fully explain – namely, its sweeping victory across the affluent world. Why was it embraced in so many countries, spanning the political spectrum from right to left? How was it not only propagated by political and economic elites, but also wilfully embraced by people who were harmed by it? The desire to forget, to escape from history, encoded within the economic worldview, may be one of the forces motivating this uncanny victory.

Humans envy the forgetfulness of the beast because memory crushes them with “the burden of the past” (61). For Nietzsche, the association between history and memory makes melancholy the primary mood of historical consciousness. Historical consciousness in financial times, which incorporates forgetting alongside sudden recollection, calls for a different psychic analogy. Samman proposes the concept of trauma for that purpose. The importance of his proposal lies in a certain apparent discord of the term with the book’s subject matter. Trauma has become a trendy topic in historiography, but it was imported into the field in association with events that are traumatic in the ordinary sense of the term: wars, genocides, population transfers. With all the predicaments it entailed, the 2008 financial crisis does not belong to the same order of historical events. The importance of the concept of trauma in this context lies not in the traumatic content of events, but in the traumatic form of their recurrence and recollection. In psychoanalysis, trauma marks a unique temporality. Events, in this view, are not traumatic in themselves, but rather become retroactively traumatic when they refuse to disappear and keep shaping behaviors and recollections. The application of the term ‘trauma’ to historical atrocities misses this aspect of the concept precisely because it focuses on eventful atrocities. Somewhat paradoxically, its application to finance realizes the full potential that the concept of trauma holds for historical thought. This realization goes against the age-old instinct of many historians to create narratives from events. What Samman shows is that history in financial times must be conceived as an eventless history, where events, if they indeed occur, cannot but appear as recurrence or revelation, as what has already happened before its time.

The prototypical formulation of the idea that history entails a form of belated recognition is Hegel’s owl of Minerva, which “begins its flight only with the onset of dusk” (Hegel, 1991: 23). It is often claimed that one of Hegel’s sources of inspiration for his idea of the cunning of reason was Adam Smith’s notion of the invisible hand. What would have been the fate of this idea had Hegel been inspired by a book about financial economy, rather than by *The Wealth of Nations*? Maybe something like the cunning of stupidity. In the original Hegelian version, self-understanding arrives at the end of the process through which reason is actualized. In the context of finance, self-understanding arrives not in the end but too late. What is revealed at such a moment is not the Hegelian type of reason, but reason as the acknowledgment of folly.

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