Introduction

At the beginning of her book *Economy of the Unlost* the Canadian poet Anne Carson wonders:

> Humans value economy. Why? Whether we are commending a mathematician for her proof or a draughtsman for his use of line or a poet for furnishing us with nuggets of beauty and truth, economy is a trope of intellectual, aesthetic and moral value. How do we come to take comfort in this notion? It is arguable that the trope does not predate the invention of coinage. And certainly in a civilization as unconditionally committed to greed as ours is – no one questions any more the wisdom of saving money. But money is just a mediator for our greed. What does it mean to save time, or trouble, or face, or breath, or shoe leather? Or words? . . . What exactly is lost to us when words are wasted? And where is the human store to which such goods are gathered? (Carson 3)

The organizers of the SAUTE biennial conference at the University of Geneva in 2015 were motivated by a similar, if not even broader and more topical sense of wonder when we chose the theme "Economies of English." In the Call For Papers we took our point of departure in recent events:

> As the world still reels from the financial crisis of 2007-8, it seems timely to reflect on the connections between money and value embedded in all our discourses about economy, language and literature. Marxists and neoliberals have classically theorized this as reflecting the mechanisms of capitalism and the market. More recently, however, the literary theorist Marc Shell has seen the invention of coinage as underlying the whole of Western philosophy, while the anthropologist David Graeber has proposed that all the great religions and political ideologies are responses to the moral confusion of money. These are concerns that go to the heart of English studies, both because English is the global language of money, and because the discipline

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> and its language rest on a goldmine of unexamined economic metaphors: from literary debts to loanwords, from redemption to counterfeit and queer, from currency to exchange, from the economy of syntax to the economy of poetic expression.

As time goes on, after Brexit and other related shocks, the historical situation does appear apocalyptic in its original Greek sense of *revelatory*. The events that unfolded from the run on Northern Rock in October 2007 and the bankruptcy of Lehmann Brothers in September 2008 still seem, almost a decade later, to have been different from an ordinary "financial crisis" – even if as the conservative economists Carmen Reinhardt and Kenneth Rogoff pointed out in 2009, people at every financial crisis exclaim "This time is different!" The most centrally placed observer, Ben Bernanke, President of the US Federal Reserve at the time, has consistently argued that the potential consequences of "the Credit Crunch" (which seems to have become the most generally accepted term for the event) were far worse than the Wall Street Crash of 1929. Instead of a stock market collapse, there was a real possibility of a shutdown of the world monetary system, because the banks no longer trusted each other enough to lend to one another. Within days after Lehmann Brothers, according to many observers, all the major banks would have collapsed. And even before that ATMs would have run out of money. The "subprime mortgage" crisis in the US revealed the fragility, and insanity, of a period of economic history that had previously been dubbed "the Great Moderation."

A debate began which not only involved economists, bankers and politicians. In fact, these groups were reluctant participants. When Queen Elizabeth II visited the London School of Economics in the immediate aftermath and asked the hundreds of economics professors assembled, "Why did no one see this coming?" few clear answers were forthcoming (Martin). In fact there had been warning voices: Robert Shiller as one of the few major economists with an expertise in real estate, or the economic commentator Nouriel Roubini, who earned himself the nickname "Doctor Doom." Yet "subprime mortgage securitization," "Too Big to Fail Banks," the explosion of "shadow banking" (the unregulated activities of hedge-funds and, even more frequently, the major banks themselves) have somehow seemed too feeble explanations for the sheer scale of what had been revealed about the whole economic system and its social and political aftershocks, particularly in the Eurozone. Many economists have admitted to deep uncertainty, including the second most centrally placed observer, Sir Mervyn King, then Governor of the Bank of England, in his recent book *The End of Alchemy: Money,* *Banking and the Future of the Global Economy* (2016), where he calls for a complete overhaul not only of banking regulations, but of mainstream economic analysis. But King's actual proposals seem curiously tame and even self-defeating, as Paul Krugman points out in his review in *The New York Review of Books*.

This is a long-established pattern. The maverick economist Paul Ormerod declared *The Death of Economics* in a book from 1995, arguing that the notorious failure of economic predictions about the future (performing at least 7 times worse than the toss of a coin) was an indication not just of uncertainty, but statistical proof that something in standard economic theory was basically wrong – yet at the end of the book he proposed greater attention to business profits as a major part of the solution: hardly a radical idea! Even Paul Krugman, sometimes described as "the world's leading economist," has seemed conceptually, if not linguistically, challenged in his commentary on events in the *New York Times*: his accounts of the wars between "saltwater" and "freshwater" economists (essentially the Neo-Keynesians in the great universities on the American coasts vs. the Chicago School) or his many coinages from "the confidence fairy" (the idea that "business confidence" is all that matters in "the Economy") to "zombie" and "cockroach ideas" (the misconceptions in economics that keep coming back, no matter how often you kill them or flush them down the toilet) have been illuminating as well as amusing. However, one does not have to disagree with Krugman's assertion that standard, textbook Keynesian macroeconomics have performed surprisingly well in this "Lesser Depression" with interest rates at the zero lower bound (even moving into negative) to be slightly puzzled by his insistence that the IS/LM model[1] is some kind of final truth about economics. Perhaps this is just Krugman's pugnacious defence of the whole intellectual framework of Post-War economics and the status of economists as the sages of our political system against what Krugman may be right to consider cranks and madmen with disastrously simple ideas about "the Economy." Nevertheless it is curiously blind to the questioning of the basis of economics, which has been gathering in strength.

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[1] A mathematical representation, developed in 1936 by John Hicks and Alvin Hansen, of John Maynard Keynes' *General Theory of Employment, Interest and Money*, where an IS (interest rate/savings) curve crosses an LM (loans/ money supply) curve to define an equilibrium. In Krugman's defence, he is extolling the IS/LM model largely as an alternative to the Chicago School's DSGE (dynamic stochastic general equilibrium) model, which purports to *be* the economy as the sum of "micro-foundations," while IS/LM at least only purports to be a loose approximation.

Again this is a repeated pattern. The Great Depression produced three main lines of intellectual response: Keynes' *General Theory of Employment, Interest and Money*, which underlay economic policy in the Western world from the 1930s to the end of the 1970s and saw a limited revival with the economic stimulus of 2009; Friedrich von Hayek's *The Road to Serfdom*, which excoriated the tax-based welfare state and became the foundation of the Thatcher-Reagan revolution, which from the 1980s tried to reinvent society as a self-regulating market; and Karl Polanyi's *The Great Transformation*, which denied the foundational status of economics that Keynes and Hayek assumed, though much less dogmatically than their followers, and instead saw economics as the political ideology of industrialism, invented in the eighteenth century and implemented (by different political factions) with disastrous consequences ever since. Polanyi had some influence over the idea of the post-War welfare state and the removal of some aspects of society (health, education) outside the reach of "market forces," but he became the pet hate of economists and increasingly ignored by all sides of politics.

The more radical thinking after 2008 has come from outside of the economics profession, or by people looking outside it or beyond its usual models. The Czech economist Tomas Sedlacek in *The Economics of Good and Evil* has argued that economics never really escaped its origins in moral philosophy. This is especially noticeable in the case of Adam Smith's *The Wealth of Nations* (1776), which really invented the whole modern discourse of economics, but was written as a long footnote to his *Theory of Moral Sentiments*. Paul Ormerod in his later work, like *Why Things Fail*, or Nassim Nicholas Taleb in *The Black Swan* and *Fooled by Randomness* have argued that economics should rely on the mathematics of chaos, nonlinear feedbacks and improbability rather than stochastic equilibrium and Gaussian normal distribution (which did contribute in a major way to the subprime mortgage collapse). The Finnish-Danish econometrist Katarina Juselius describes herself as an "empirical economist," dispenses with models and looks hard at the statistics for major patterns of change and claims to have found two in her career: the increasing financialization of the economy after the 1980s and more recently, what looks like ecological limits to economic growth.

More important, for our purposes here, are scholars in the humanities (history, anthropology and linguistics) and imaginative literature, often at the borderlines between fiction and non-fiction. So much fiction has appeared about the crisis of 2008 that Katy Shaw has suggested the birth of a new genre in her book *Crunch Lit* (2015), where she relates works by John Lanchester, Jonathan Frantzen, Don DeLillo and others to the great nineteenth century representations of the world of finance like Dickens, Zola, Conrad and Trollope. The recent bestseller in economics, Thomas Piketty's *Capital in the Twenty-first Century* (2013) no doubt owes as much of its popularity to how Piketty uses nineteenth century French literature to describe the social effects of economic inequality as to his path-breaking use of historical statistics. These statistics show how after 1980, and with increasing strength after 2010, economic inequality, if you take into account the very richest 0.1 or 0.01 percent of the distribution (who are notoriously difficult to account for), has reached levels last seen during *la Belle Epoque* in France or Gilded Age America – and exceeding the economic inequality of the *Ancien Régime*, before industrialization.

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Literature seems to have stepped into the breach or vacuum which John Lanchester noted in an article called "Cityphobia" in the *London Review of Books* at the height of the panic in October 2008:

> The models and alternatives don't seem to be forthcoming . . . there is an ideological and theoretical vacuum where the challenge from the left used to be. Capitalism no longer has a global antagonist, just at the moment when it has never needed one more if only to clarify thinking and values, and to provide the chorus of jeering and Schadenfreude which at the moment is deeply appropriate. (Lanchester, "Cityphobia")

The world had turned upside down: "Wall Street turned socialist," *Le Monde Diplomatique* proclaimed on its October 2008 front page. Finance had turned into a business where gains were privatized, but losses socialized. But politically it was still the age of TINA, the Mother Goddess acronym for "There is no alternative," a phrase some have claimed, perhaps in a further attempt at myth-making, had first been popularized by Margaret Thatcher. The traditional anti-capitalist Left seemingly confirmed that it had disappeared "under the sea, like Atlantis" (as Svetlana Alexeievitch has said of the Soviet system), around two election cycles after the fall of the Berlin Wall – when the Italian Communist Party turned into Democrats and British Labour into New Labour. This is indeed one of the most under-explained phenomena of recent political history, its most important tectonic plate-shift alongside the gradual, but inexorable drift rightwards of the bulk of the old centre-right parties after the Thatcher-Reagan revolution. Rumours of the revival of this

Left, with Syriza in Greece, Jeremy Corbyn in Britain or Bernie Sanders in the US, seem somewhat exaggerated when their proposed economic policies are taken into account, which amount to little more than a return to old-fashioned centrist social democratic Keynesianism. New economic thinking (whether "Modern monetary theory" or Green "stable state" or "*décroissance*" economics") has had very little traction, perhaps so thoroughly suppressed by standard economic dogmas that the field is left open to the even more dangerous interventions of literature and humanities scholars.

Interestingly, Paul Krugman has been very perspicacious about the *literary foundations of economic thinking* in the case of his opponents, accusing the German government and especially Finance Minister Wolfgang Schäuble of seeing economics as "a *morality tale*" or the Republican Speaker of the House of Representatives Paul Ryan of getting his economic theory from Ayn Rand's novel *Atlas Shrugged*. But Krugman has also himself admitted to becoming an economist because economists most closely resembled the all-knowing "psychohistorians" of Isaac Asimov's *Foundations* trilogy.

What has gone on is perhaps most conveniently explained by a very short chapter in the Canadian novelist and political essayist John Ralston Saul's *The End of Globalism* (2005) entitled "A Short History of Economics Becoming a Religion." The role of Keynesian and neoclassical economists in the reconstruction and growth of the Western World in the decades after the Second World War seemed little short of miraculous – and that faith was transferred to economists of the monetarist and neoliberal-globalist schools in the subsequent generation (after 1980). Every aspect of society, culture and nature seemed to have a simple economic explanation, whether one asked vulgar Marxists or the authors of the *Freakonomics* books. And this was not just a fringe phenomenon: "New public management" attempted to create market efficiency in the public sector, only to end up with more hierarchical bureaucracy desperately trying to restructure the system to define the levels at which a fictional market "accountability" could set in – and equally desperate attempts among the groups affected to "game the system." But by the beginning of the twenty-first century that faith was wearing thin, to collapse almost completely after 2008. A fierce debate broke out, in moral philosophy as exemplified by Michael Sandel's *What Money Can't Buy: The Moral Limits of Markets* (2012) – and in higher education and the role of the humanities, as exemplified by Martha Nussbaum's *Not For Profit: Why Democracy Needs the Humanities* (2010) or Stefan Collini's *What Are Universities For?* (2012). Though they come from a long tradition going back at least to the nineteenth century, these defences of the humanities seem to demonstrate a new level of desperation, but perhaps also paradoxically, of hope. It seems to have become largely impossible to defend the existence of the humanities within the ruling discourse of economics, but the humanities continue to exist – and may even have a future, if the faith in economic discourse wanes.

Faith, belief and trust are central to economics, especially perhaps after the advent of modern European capitalism in the fifteenth and sixteenth centuries: it is what Richard Waswo in his contribution to this book calls "the *fiduciary* principle." This is particularly evident with what is known as *fiat* money: "paper money" which the state (or central bank) guarantees to have a certain value. An English 10 pound note still bears the inscription "I promise to pay the bearer on demand the sum of Ten pounds," signed by an official of the Bank of England (Scottish money is even closer to a simple IOU, as it is issued by private banks). This form of money is literally a speech act before it is anything else, especially as it is not specified what material substance (hardly "sterling" silver except in etymology) those ten pounds measure, as if to say "a litre litre." This is where the temptation of gold and silver standards come in, but it appears from history that even gold and silver coinage were never exactly (and often far from) the value of the metal on which they were stamped. Money is a measure of some shared (partly metaphysical) value, which involves faith, belief and trust, but also their opposites lying, mistrust and negotiation, though only in so far as they do not undermine the system. Waswo in his essay argues that it is a sign of Shakespeare's greatness how clearly he saw the human implications of this new economy in plays from *The Merchant of Venice* to *Troilus and Cressida*, long before economists theorized it.

A total systemic failure came close in 2008, partly because of the growth of *derivatives* markets after they were deregulated in the late 1990s. The proportions of financial markets to the "real economy" had turned on their head since the foundations of modern economics were theorized around 1800. At that time it is conventionally estimated that the "real economy" of the transaction of goods and services accounted for 95 percent of "the Economy," and financial transactions for 5 percent. By the late 1990s these figures were reversed, and by 2007 it was more like 1 or 2 to 99 percent. The November 2008 issue of *Le Monde diplomatique* estimated World Gross Domestic Product (GDP), or "the real economy," on an average day in 2007 at some 160 billion dollars, while the financial economy (stock exchanges, money and derivatives markets) on this average day was valued in excess of 5,500 billion dollars. It is hard for the uninitiated not to see this as a huge fictional bubble on a very small clay foot. Or not to think of the initiated as quite deranged when one popular derivative invented around that time was known as "end-of-the-world insurance," as if money would survive the end of the world.

At the time I wrote:

> For the literary critic observing the financial crisis of 2007-8, everything seems to turn on Coleridge's famous formula: "The willing suspension of disbelief." We have been engrossed in a fiction, a seemingly endless serial, which is now moving inexorably towards its *dénouement*. The media still treat it as a cliff-hanger: will it be recession or depression? The story will reveal its genre at last: comedy or tragedy, *Götterdämmerung* or history repeated as farce? Personally I am inclined towards Twilight of the Gods, though I can see the farcical aspects. The alternatives are not recession or depression, but depression or meltdown, of which the present "chaotic unwinding," in Ben Bernanke's phrase, is just the beginning. This is not the end of capitalism in any meaningful Marxian sense, but its Chernobyl. It is not in order to exaggerate that commentators are reaching for metaphor, but in order to reconnect with "reality." This "reality" had been conceded to economics and hedge-fund managers in an increasingly fictional "creative accountancy," where losses was registered as gains twice (as assets and future tax deductions). But now perhaps there is a brief chance for language to catch up, if only to express disbelief. (Leer 16)

Almost ten years later, little has changed. Any economic debate about basic principles has been stifled, even one so mild as my suggestion of replacing a (religious) belief in money markets with a more enlightened (literary) suspension of disbelief. Financial reform has barely happened, except very lightly in the US – and with a few international restrictions on "leverage": the proportion of equity to lending. The main policy intervention has been the pumping of credit into the system through *quantitative easing*, with debatable results.

Instead a picture seems to be emerging of a basic loss of faith in the liberal representative political system that was installed in the West after the Second World War and seemed set for universal expansion in the 1990s after the fall of the great Socialist adversary. This has been exemplified in various ways: by the EU treatment of the Greeks with its total disregard for elections and economic reality; the gathering collapse of a system of universal human rights extending to refugees; Brexit, Donald Trump; the increasing power of nationalist movements with strong anti-minority visions of "democracy." These phenomena are usually explained as the effects of growing economic inequality, the divide between "winners" and "losers" in "globalization" and a resulting xenophobia and racism; but it is in fact a much deeper loss of trust in the Post-War industrial social contract between workers, owners of capital and the professional middle classes. It is a crisis in representation: both in the political, the mediated and the linguistic sense. So of course were artistic modernism, postmodernism and postcolonialism. This is a further crunch, which may reveal the basis of the others.

The breach that emerged in 2007-8 was more radical than any of us thought at the time. Firstly it was *not just* a financial or an economic crisis, but a crisis of the whole *monetary system*, as the classicist turned banker Felix Martin points out in his *Money: The Unauthorised Biography* (2013): it raises the fundamental philosophical question of what money is, even beyond the classic tripartite definition of money as *store of value*, *measure of value* and *means of exchange*. These are often in conflict: the Gold Standard or any other system based on extreme "scarcity value" and thus a stable store of value often means that there is not enough money to go around to serve as a means of exchange; and if money is the only value (which often seems to be the case in the contemporary world), how does it measure itself? Can *value,* a monetary metaphor if ever there was one, even be separated from a monetary rationale? As such the "money crisis" has strong repercussions for our whole philosophical and moral system of representation and judgment, as the anthropologist David Graeber points out in his *Debt: The First 5000 Years* (2011), basing himself to a considerable extent on the work of the literary theorist Marc Shell and the scholar of classical Greek literature Richard Seaford.

Something has hit so deeply in our conceptual and linguistic way of making sense of the world that no authorized oppositional political discourse (Marxism being the obvious example) seems to strike the right note. Though a Marxist might quite accurately say "I told you so!" about "Capitalism," it is too generalized and evasive. Basically Marxist and so-called neoliberal assumptions about the world are too similar: "the Economy" is the bedrock of reality. Even economically literate discursive prose by excellent writers, like John Lanchester's brilliantly titled *Whoops! Why Everyone Owes Everyone and No One Can Pay* (2010), put too much effort into explaining the Crunch moment by (often comic) analogy to other spheres. To compare the 1973 publication of the Black and Scholes paper on "The Pricing of Options and Corporate Liabilities," which underlies modern derivatives, to Charlie Parker's saxophone break in a "A Night in Tunisia," strikes the wrong note, not just emotionally, as blasphemy for the jazz-lover; for if Parker's solo is "the arrival of modernism, right here, in real time" (Lanchester, *Whoops*! 33), the

Black-Scholes equations are surely the arrival of postmodernism. Keynes is a much better equivalent of "economic modernism," though he might have baulked at economics being an art form – and Keynes was a much better speculative investor than the Black-Scholes equations, which as Lanchester gleefully goes on to show led to the very fast implosion in 1998 of the Long Term Capital Investment hedge fund based on the Black-Scholes ideas about "rational investments in an irrational world" (Lanchester, *Whoops*! 41). Lanchester's account is an unsettling comedy, with an understated tragic background.

Postmodernism is too much the cultural arm of financialization (think of Jeff Koons or Damien Hirst's Golden Calf) to be any help in unmasking or criticizing it. Where literature succeeds, it is not in parodic anti-representationalism, but in sometimes much more conventional representational schemes where farce is parodied as – or suddenly gives way to – tragedy: in Kate Jennings' *Moral Hazard* (2002) or Michael Lewis' *The Big Short: Inside the Doomsday Machine* (2009). Jennings' novel tells the story of a writer, who in order to pay for her Alzheimer-struck husband's treatment and care, takes a job as a speechwriter at an investment bank. The language she learns to use comes over as almost a parody of Orwellian "doublespeak" in its transparent, self-serving, absurd predictability. But its basic assumptions so penetrate her own thinking that she begins to think of her husband in economic terms and in the end accedes to a kind of "mercy killing" because there is not enough return on her investment and her work at the bank is a living lie. At the same time the whole insane speculative circus at the bank implodes with impunity for everyone responsible because of a merger with another bank. In fact there turns out to be no responsibility behind the respectable conservative façade, while the narrator has to carry forever the responsibility of what she has done. "Moral hazard" has spread beyond its origins as an insurance term, where it refers to a situation in which a party to a contract can take extra risks because someone else bears the costs. Moral hazard has become the basic mode of functioning of society.

The Big Short tells the story of a group of very eccentric investors, who are the first to understand the subprime mortgage bubble and who, against the groupthink of the financial world, "short" or bet against these so-called "securitized investment vehicles," which one of them dubs instead "the doomsday machine." They make a lot of money when the market crashes, only to find that their opponents, who upheld the doomsday machine, have made almost as much. The morality of the market (the separation of winners and losers), in which they believed, is not working. The system is rigged. This may come as no surprise to the reader, or to Michael Lewis, who became a best-selling author with the book *Liar's Poker* (1989), a comic denunciation of his own career in Wall Street trading in the 1980s, straight out of university with an MA in Art History. In his preface to *The Big Short*, Lewis explains how after two decades, where a mad world he thought was doomed to extinction went from scandal to scandal, from hundreds-of-millions to billion-dollar losses caused by individual traders, he had basically given up writing with outrage about the corruption of Wall Street, until an obscure financial analyst called Meredith Whitney in 2007 predicted the near-collapse of Citibank and turned it into a general accusation: "This woman wasn't saying that Wall Street bankers were corrupt. She was saying that they were stupid" (Lewis, *The Big Short* xvii). She led Lewis to her mentor Steve Eisman and eventually the other strange heroes of his book. The genius of *The Big Short* lies in its combination of an engaging humanist characterization of a (real, not fictional) cast of misfits with a detective story plot that almost manages to explain to a lay readership the enigma, the fantastic fictions, at the heart of 21st century finance. But the moral resolution of the detective story remains elusive, the perpetrators unpunished, barely even unmasked. Lewis explains the unease that remains in the Afterword as the effect of an essentially comic writer having inadvertently written a tragedy.

The heart of it is what David Graeber terms "the moral confusion" of money, by which he means something more humane than what James Buchan, *Financial Times* journalist turned novelist, termed "the strangeness of money" in his study of the psychology of money *Frozen Desire* (1997). Buchan claims that the best index of the greatness of modern artists – whether Dostoevsky, Balzac, Dickens or Rembrandt – is their portrayal of the human relationship to money, which Buchan sees as the second-most important human invention, only exceeded by language, for instance in Rembrandt's portrait of Judas:

> What Rembrandt has understood, and portrayed as nobody before or since, is the strangeness of money: that it breaks the chain of desire and effect. Money provokes people to act, for the sake of payment, in a fashion that, if they knew how the action would turn out, they would not contemplate. Rembrandt seizes the moment when the veil of money is torn asunder and wish and consequence come explosively together: Judas realizes that he has assassinated the Son of Man. (Buchan 48)

Where Buchan sees the basis of the psychology of money in the storing of value ("frozen desire"), Graeber traces the origin of money to debt. It