

‘We want what you have’: Faustian finance in The terrible privacy of Maxwell Sim and Capital

Article (Published Version)

Di Bernardo, Francesco (2013) ‘We want what you have’: Faustian finance in The terrible privacy of Maxwell Sim and Capital. *Excursions*, 4 (2). ISSN 2044-4095

This version is available from Sussex Research Online: <http://sro.sussex.ac.uk/id/eprint/47110/>

This document is made available in accordance with publisher policies and may differ from the published version or from the version of record. If you wish to cite this item you are advised to consult the publisher’s version. Please see the URL above for details on accessing the published version.

Copyright and reuse:

Sussex Research Online is a digital repository of the research output of the University.

Copyright and all moral rights to the version of the paper presented here belong to the individual author(s) and/or other copyright owners. To the extent reasonable and practicable, the material made available in SRO has been checked for eligibility before being made available.

Copies of full text items generally can be reproduced, displayed or performed and given to third parties in any format or medium for personal research or study, educational, or not-for-profit purposes without prior permission or charge, provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.

Excursions

Volume 4, Issue 2 (November 2013) Proceedings: 'Purity'

11th-12th July 2013, University of Sussex, Brighton, UK



Francesco Di Bernardo, “‘We want what you have’: Faustian Finance in *The Terrible Privacy of Maxwell Sim* and *Capital*”

Excursions, vol. 4, no. 2 (2013)

www.excursions-journal.org.uk/index.php/excursions/article/view/117

Francesco Di Bernardo

University of Sussex

‘We want what you have’: Faustian Finance in *The Terrible Privacy of Maxwell Sim and Capital*

The 2007-2008 financial crisis, triggered by the collapse of The Royal Bank of Scotland in the UK and Lehman Brothers in the USA, revealed the fallacy of the alchemic dream of deregulated finance. The liberalisation of the financial sector in Britain in 1986 appeared in the eyes of politicians and ideologues of neoliberalism to be the engine of a wealth-creating machine. Since the ‘big bang’, generations of ‘Gordon Gekkos’ have been praised as alchemists capable through their abstruse algorithms to generate sound money, incredible accumulations of wealth, and jobs in the de-industrialised space of the postmodern neoliberal society. Due to its immateriality, volatility and flexibility, but also utter control over the real economy and on the materiality of everyday life, finance is the totem of the neoliberal political economy. However, John Plender (2013) wrote in the *Financial Times* that at the time of the Thatcherite policy of deregulation of the financial markets ‘[f]ew foresaw the dangers in looking at an inherently fragile financial system as a motor of the economy’. Indeed, the short-termism of the money-economy ineluctably took its toll on society with a crisis that is still affecting the global economic

system. The libidinal greed for immediate and grand wealth accumulation has had the high price of a 'loss of jobs [...] livelihoods and savings [...] and the near implosion of the global economy, and then a worldwide recession/depression' (Lanchester, 2009, p.35).

Among the first and more deleterious effects of the financial crisis and of the explosion of the subprime bubble was the vertiginous rise of the mortgages interest rate, with ordinary savers in danger to have their house repossessed. The seminal repossession in literary and cultural tradition is that of Faust's soul. In 2012 a book by the equity analysis expert Andreas Loizou described the practices of the financial sector. The title of the book was *The Devil's Deal*, an obvious reference to the Faustian pact to describe the practices of the financial world. Somewhat uncannily, two bankers who were interviewed by Joris Luyendijk for his banking blog in *The Guardian*, shedding light on the world of investment banking, said 'Trading can take over your life' and 'you work for someone and his world' (Luyendijk, 2013). Indeed, also in the light of bankers' notoriously long working hours, which often mean giving up a private life for the sake of business, it seems that even those who work in the financial sector could see the relationship between finance and society as a Faustian parable.

According to Watt, Faust is described in different cultural contexts as the magician, the alchemist, the charlatan and most importantly the 'unrepentant individualist' (1996, p.10). The abstruse financial algorithms that bank traders apply to create wealth out of nothing resemble the magic formulae used by alchemists and magicians. Finance is moreover in the realm of neoliberal unrepentant individualism and the instrument through which the hyper-individualist neoliberal homo-economics indulges in what Gammon and Wigan call 'a fantasy of omnipotence' (2012, p.207). The fantasy of omnipotence refers exactly to the 'alchemic' dream of producing wealth out of formulae and algorithms, and taking control of and shaping reality through them.

Baumann (2000) observes that modern society is characterised by volatility, instability, ephemerality, and the commodification of human bonds. Here, Baumann notes the result of the replication of forms and values of the financial market in everyday life. This is the essence of the Faustian pact with finance: in following the alchemic dream of wealth creation, society has given

up its 'soul', letting the financial market 'repossess' it and shape it in its likeness and according to its values.

I will now analyse how the financial world and the consequences of the financial speculation on society and on the lives of individuals are represented in Faustian terms in two recent novels which deal with post-financial crisis British society: Jonathan Coe's *The Terrible Privacy of Maxwell Sim* and John Lanchester's *Capital*. Both novels represent the relationship between individuals and money in terms of deception. The characters of the novels, as representatives of the whole society, are firstly seduced by the prospect of quick and easy enrichment and subsequently compelled to pay a high price for it. This Faustian deal often results in the lives of the characters being severely affected or irremediably damaged.

In these novels the reworking of the Faustian myth to represent the financial world is doubly related to the concept of purity. Firstly, the Faustian myth represents a deal between two parties where the first demands a material gain in exchange for a soul that the second party will then repossess. In the context of these two novels the deal and the consequent loss of soul are here metaphors for the transformation of society determined by the application of the neoliberal free-market rules; the Faustian myth is used to denounce society's loss of purity, loss of the soul, in order to gain an immediate, ephemeral economic gain that will be paid at a high price in the future.

The second term of relation between the Faustian myth and the concept of purity regards the idea of gated elite: an elite of privileged individuals who live detached from the rest of the society for fear of 'contamination'. Žižek claims that the neoliberal establishment consists of a gated global elite whose concern is to avoid contact with the world external to its 'private' networks (2009, p.4). This gated elite fears, and at the same time loathes, society and even perceives itself as external to it. This gated global elite regards itself almost as a purer entity. The status of purity is determined by the possession of the largest portions of wealth.

Thomas Mann reprises the Faustian myth in *Dr. Faustus*, written during the years of the Second World War. The novel denounces the Faustian deal between the society and a totalitarian ideology, an ideology which advocated an ideal of purity based on supposed racial supremacy. Mann specifically highlights the ruin caused by that Faustian deal. In another way, but similarly,

both Coe's and Lanchester's novels denounce the deal between society and the free-market ideology that advocated purity based on the primacy of wealth. In this regard, it is interesting to note that the 'terrible privacy' mentioned in the title of Coe's novel might also refer to this very idea of purity and detachment of the neoliberal establishment.

Throughout *The Terrible Privacy of Maxwell Sim* we find references to the financial crisis and criticism of neoliberalism. The narrative device specifically used to highlight the Faustian myth as representing finance, is a novella embedded in the novel. The novella is Maxwell Sim's father's memoirs, which are found by the former while digging into his father's documents. The events narrated by Harold Sim in the memoir are set in the late 1950s, but the date on the top page is June 1987. This is the date of Thatcher's landslide in the general election, and the year between the 'big bang' and the beginning of the construction of the financial district in Canary Wharf. Because the events of the novella are set in the 1950s, they acquire a prophetic aura. The story begins with a comparison drawn by Harold Sim between the old city and the new one and their different codes of conduct. The comparison stresses the idea that the neoliberal deregulated financial sector determined a step forward in terms of greed and a change in work ethics. This was reflected by a de-humanisation of the work practice, as exemplified by factors such as the stretching out of working hours and the use of new technologies. The novella, in fact, also highlights the contribution of technology to making the financial instruments more effective but at the same time more de-humanised, out of control, and therefore potentially more dangerous for the community:

The old City of London [...] had witnessed a revolution [...] All the arrogant buildings were still there [...] but wedged in amongst them there were dozens of new tower blocks [...] As for the working practices... Well, nearly all of the trading was done on screen now [...] Traders apparently took lunch at their desks these days [...] never lifting their glazed eyes from the screens where figures flickered their ceaseless announcements of profit and loss, from early morning to late at night. (Coe, 2010 p.246)

Afterwards, Harold Sim recalls his meeting with Roger Anthruster and the events related to this encounter. Roger is a trader but firstly a dandy whose main artistic interest is in music but who 'could [...] discourse, with absolute authority, on any [...] branch of the arts' (Coe, 2010, p.250).

Interestingly, the novella shares the themes of two of the major reinterpretations of the Faustian myth, *Dr Faustus* by Thomas Mann and *The Picture of Dorian Gray* by Oscar Wilde. In Mann's novel a friend, Zeitblom, describes the vicissitudes of the dandy musician Adrian Leverkühn, narrating the parable of his journey from pursuit of artistic perfection to perpetual damnation. The relationship between the friend/narrator and the main character is a dominating and deceitful one. Harold Sim, like Zeitblom with Leverkühn, is enthralled with the fascinating personality of Roger Anthruster. 'He dominated me completely' (Coe, 2010, p.251) writes Harold Sim, a statement which also echoes the relationship between Dorian Gray and Lord Henry. At the same time he immediately perceives the demonic and masochistic nature of the relationship: 'I was in thrall to Roger. However cruel he was to me, I could not escape him' (Coe, 2010, p.255).

Roger suggests that to get enough money to fund a grandiose trip to the sites of the ancient Roman and Greek civilization, they could follow the advice of the stockbroker Crispin Lambert. Here the Faustian metaphor becomes clearer: Crispin Lambert, the stockbroker, is Mephistopheles and the solution that he offers to make money is betting on horses through complicated formulae which are in fact the notorious derivatives. As Gammon and Wigan explain, 'the derivative provides that the seller gains if the debt is repaid and the buyer, who purchase insurance against non-payment, gains if the borrower fails to pay' (2010, p.214). Thus Roger explains to Harold:

Mr Lambert has already placed his bet [...] this is the betting slip, and what he is proposing, is that he sells us the right to buy it from him, in the future. What he wants to sell us, in effect, is an option on the bet [...] if we just bet one pound at 6-1, we'd only make five pounds profit. This way we make almost twice as much. (Coe, 2010, p.257)

'It's what we call leverage' (Coe, 2010, p.257), Crispin Lambert quickly adds, pointing out the technical term of what is the financial instrument behind the proposed bet. Roger and Harold, excited by the easy money, keep betting using the increasingly complicated and obscure but more remunerative algorithms of Crispin. The references to the Faustian myth as a metaphor for the relation between society and finance become progressively clearer as Roger starts accumulating 'volumes on witchcraft and paganism' (Coe, 2010, p.263), a reference to the legend of Faust as the magician. Finally Roger suggests that

they could bet using a single gigantic high-risk algorithm. To Harold who denounces the danger of the bet, Roger replies: 'We're alchemists' (Coe, 2010, p.265). This clearly refers to the tradition of Faust as the alchemist but metaphorically also to the bankers' megalomania; they regard themselves as alchemists capable of making money out of nothing. However, as per the Faustian tradition, Mephistopheles takes his toll; because of one single out of control variable, Harold and Roger lose the bet and end up in misery. When Harold asks Roger if he could ask Lambert to waive the debt, Roger replies: 'The City has a code of conduct for this sort of things. Dictum meum pactum – My word is my bond' (Coe, 2010, p.269). The pact with the Devil cannot be broken. Faust must repay the debt. Faust must go to ruin. This is the price for relying on finance as the engine of the economy. Finance takes society's soul, shaping it to its own image and obliging society to the damnation of the debt.

Deleuze and Guattari explain that 'Lack (*manque*) is created, planned, and organised in and through social production' (1972, p.28). They subsequently add:

The deliberate creation of lack as a function of market economy is the art of the dominant class. This involves deliberately organizing wants and needs (*manque*) amid an abundance of production; making all desire teeter and fall victim to the great fear of not having one's needs satisfied. (Deleuze, Guattari, 1972, p.28)

Consequently, in order to fulfil the desire for a quick accumulation of wealth 'individuals engage in behaviours that confer minimal or ephemeral pleasure despite foreseeable painful outcomes' (Gammon, Wigan, 2012, p.205). Deleuze and Guattari define this behaviour as schizophrenic and define schizophrenia as desire-production (1972, p. 24); Jameson claims that late-capitalism, characterised by the neoliberal socio-economic system, is essentially schizophrenic (1991, p.26). This is exactly the nature of the money-economy, which exchanges long-term ruin for immediate gain. This is also exactly the topos of the Faustian myth. Coe represents the masochistic relationship between society and finance and the short-termism of the money-economy specifically through a rewriting of the Faustian myth.

Lanchester's *Capital*, like Coe's novel, deals with the effect of deregulated finance on the lives of individuals and it does so by presenting a variety of characters, which are Lukácsian 'typical characters' (Lukács, 1962, p.110), characters which represent specific social statuses. The stories are set in

London at the time of the housing bubble, which was determined by the transformation of the city into one of the world's most important financial centres. The title refers to London with 'Capital' but it also obviously refers to capitalism and evokes Marx's *Capital*. All the characters live on the fictional Pepys Road which is paradigmatic of the areas of London which, when discovered by the financial industry, underwent redevelopment and gentrification:

[A]s people from the financial industry discovered the area [...] and began to be paid huge bonuses [...] which were big multiples of the national annual pay, and a general climate of hysteria affected everything to do with house prices – then, suddenly, prices began to go up so quickly that it was as if they had a will of their own. (Lanchester, 2012, p.5)

This section highlights the effect of the money-economy on society, referring to the idea that finance can even change the demography of a city, literally expelling the poorer from gentrified areas, and creating a real-estate bubble. This section clearly indicates the previously discussed issue of social exclusivity determined by a gated elite in search of 'privacy'—a classist and elitist, eventually 'terrible', privacy—from the rest of society.

Similar to *The Terrible Privacy of Maxwell Sim*, criticism of the modes of conduct of the financial world and the money-economy, is expressed through Faustian echoes. Although in *Capital* there are no direct references to the myth of Faust, echoes of the myth are disseminated throughout the novel. Firstly and most importantly, unidentified plotters fill the mailboxes of the residents of the fictional wealthy area of Pepys Road with postcards that say 'we want what you have' (Lanchester, 2012, p.14). As said earlier, the sentence evokes the spectre of house repossessions which followed the 2008 implosion of subprime loans and the subsequent financial crisis; this also evokes the Faustian repossession of the soul brought about due to the deal with the devil, here in the shape of deregulated finance. The postcards are indeed meant to warn the residents of Pepys Road that their lives do not belong to them and therefore will be sooner or later repossessed. In this context the money-economy acts like Mephistopheles who offers immediate gains in exchange for future damnation.

The vicissitudes of the banker Roger echo closely the Faustian myth. Roger is a manager at Pinker Lloyd, a financial services firm based in Canary Wharf,

and represents the Faustian unrepentant individualist. He is obsessed with the annual bonus. While Faust is in search for the primacy of knowledge, Roger's final goal is a bonus as high as one million pounds. The amount is needed to satisfy his gargantuan expenses but primarily to assert his own self. In the neoliberal 'liquid' society, individuals are valued according to the market's paradigm: I earn, therefore I am. Roger's only preoccupation is the bonus. Financial trading has given him whatever he wanted in terms of belongings but it has also taken his life, a situation described by the trader interviewed by Joris Luyendijk. As per the Faustian tradition sooner or later Mephistopheles takes back what he has given and with a high interest rate. In fact, Roger's ruin starts when he has 'just' a £30,000 bonus instead of £1 million. His life starts sinking; he has to downgrade his lifestyle and that of his family. This is perceived as a disgrace because his family will be considered in his circle of friends and acquaintances as being worthless. Roger's ruinous descent into hell continues while the 'we want what you have' campaign goes on with its ominous allusion to repossession. In fact, Roger's even greedier colleague Mark devises a plan to do rogue trading with high-risk derivatives. When the subprime crisis explodes, Roger is fired from the bank for not having taken the necessary steps to control what was going on. Roger's vicissitudes are a form of synecdoche for the whole financial system and its relation with society. The same day Roger is sacked 'he saw the billboard advertising the Evening Standard [...] It said: Bank Crisis [...] but it wasn't about Pinker Lloyd but about Lehman Brothers' (Lanchester, 2012, p.477). Mephistopheles has finally asked for his credit to be paid but those who didn't choose to sign the pact will repay the debt, the history of the recent days teaches us. The last pages of the novel leave us with the image of Roger in ruin leaving the house in Pepys Road. While leaving, he repeats to himself 'I can change, I can change, I promise I can change change change' (Lanchester, 2012, p.577). This claim metaphorically advocates a return to a society not controlled by finance but at the same time evokes the 'loose change', the spectre of pauperism caused by the worst economic crisis of the modern times, triggered by financial speculation. In this sense, this section of the novel reminds us of the vast amount of cultural production that represented the sudden and hopeless impoverishment in the wake of the 1929 crisis.

The narratives in both novels, with their tragic endings of impoverished, indebted and harmed people, echo exactly the artistic production that represented the Great Depression. The abrupt awakening from the dream of wealth and prosperity promised by Capitalism and the new reality of hardship and austerity in Coe's and Lanchester's novels evoke words like those of *Brother, Can you spare me a Dime*, just to mention one of the most popular artistic creations of the time of the Great Depression. The protagonist of the song sings: 'They used to tell me I was building a dream/With peace and glory ahead/Why should I be standing in line/Just waiting for bread?' (Harburg, Gorney, 1930).

To conclude, the two novels use the Faustian myth to highlight the damage that the neoliberal system has caused by relying on the ephemerality of finance. Immediate gain comes at the price of a debt that will ruinously affect future generations. The essence of the Faustian myth is used politically to criticise the short-termism and the greedy short sightedness of neoliberal policies. It is interesting to draw a comparison with Mann's interpretation of the myth. *Dr Faustus* was written in the years preceding the tragedy of the Second World War and Mann intended to use the Faustian metaphor to refer to the pact between society and fascism that led to the tragedy of the war. Similarly here, the Faustian myth is deployed to describe the disastrous consequences of pursuing omnipotence, a process that has led the neoliberal society to the verge of damnation. This recalls the very nature of the Faustian myth, which denounces the limits and the dangers of a blind individualism. Moreover, the fact that the modern Faust makes the deal in order to accumulate money, while the Faust of the tradition was an academician who made the deal for further knowledge, speaks volumes about the modern pact with the devil/finance. The pact with deregulated finance is made in order to obtain an ephemeral gain: this is explicative of the neoliberal ideal of society. Therefore in this Faustian interpretation of the financial system, the concept of loss of purity is regarded as selling the soul to the devil, selling society to the skewed logic of the marketplace.

Bibliography

- Bauman, Z., 2000. *Liquid Modernity*. London: Polity Press.
- Coe, J., 2010. *The Terrible Privacy of Maxwell Sim*. London: Penguin.
- Deleuze, G., Guattari, F., 1972. *Anti-Oedipus: Capitalism and Schizophrenia*. London: Continuum.
- Gammon, E., Wigan, D., 2012. Libidinal political economy: a psycho-social analysis of financial violence. In *Global political economy: Contemporary Theories*. 2nd. Ed. London: Routledge.
- Harburg, Y., Gorney, J., 1930. *Brother, Can You Spare a Dime*. [online] Available on:
<http://www.library.csi.cuny.edu/dept/history/lavender/cherries.html>.
[Accessed: 15th September 2013.]
- Jameson, F., 1991. *Postmodernism, or, The Cultural Logic of Late Capitalism*. Durham: Duke University Press.
- Lanchester, J., 2009. Bankocracy. *London Review of Books*. Vol. 31. No. 21. pp.35-46.
- Lanchester, J., 2012. *Capital*. London: Faber and Faber.
- Loizu, A., 2012. *The Devil's Deal: An Insider's Tale of How Money is Made*. London: Financial Times Series.
- Lukács, G., 1947. *The Historical Novel*. London: Merlin (1962).
- Luyendijk, J., 2013a. Derivatives trader: 'Trading can take over your life – but only if you let it'. *The Guardian*. [Online.] 22nd May 2013. Available from:
<http://www.guardian.co.uk/commentisfree/joris-luyendijk-banking-blog/2013/may/22/derivatives-trader-take-over-life-if-let-it> [Accessed 1st July 2013.]
- Luyendijk, J., 2013b. 'You don't work for the bank – you work for someone and his world'. *The Guardian*. [Online.] 6th June 2013. Available from:
<http://www.guardian.co.uk/commentisfree/joris-luyendijk-banking->

blog/2013/jun/06/bank-interviewee-back-office-investment-banks

[Accessed: 1st July 2013.]

Mann, T., 1947. *Doctor Faustus: The Life of the German Composer Adrian Leverkühn as Told by a Friend*. London: Vintage (2000).

Plender, J., 2013. 'Markets Insight: Bank deregulation part of Thatcher legacy'. Financial Times. [Online.] 9th April 2013. Available from: <http://www.ft.com/cms/s/0/7f8aaf08-a122-11e2-bae1-00144feabdco.html#axzz2iBWfmC9Q> [Accessed: 29th June 2013.]

Watt, I., 1996. *Myths of Modern Individualism: Faust, Don Quixote, Don Juan, Robinson Crusoe*. Cambridge: Cambridge University Press.

Wilde, O., 1890. *The Picture of Dorian Gray*. New York, NY: Modern Library (1998).

Žižek, S., 2009. *First as a Tragedy, then as Farce*. London: Verso.