

# ephemera

*theory & politics in organization*

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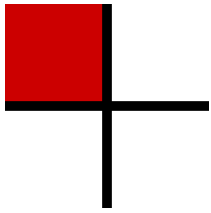
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## **‘No we can’t’. Crisis as chance**

Lena Olaison, Michael Pedersen and Bent M. Sørensen

In 1931 two friends, Walter Benjamin and Bertolt Brecht, planned to launch a journal named *Krisis und Kritik*, thus linking ‘crisis’ directly to ‘critique’ in a manner that would become emblematic of the very idea of societal crisis in Europe during this decade. Spreading to Europe, a financial crisis in the US reinforced the dominant crisis of the Old World: a political crisis in the form of a fascist upsurge. Whereas fascism blossomed to its fullest in total annihilation, however, Benjamin and Brecht’s journal was never realized. The first victim of war is critique. Other casualties were to follow, and for Benjamin it should all end there; he later killed himself while fleeing the Nazis.

When observing the political development in Europe during this epoch, it seems as if the realization of a crisis will lead to a worsening and further dissemination of the problems that provoked the crisis in the first place: the Versailles Treaty inspired the Germans (as well as other European states) to stronger forms of nationalism. Will the current crisis in capitalism likewise intensify the problems it creates?

The ad from the *Financial Times* in the De Cock, Fitchett and Volkmann article in this issue provides a simple but strong image of the present crisis: ‘We Live in Financial Times’. If we indeed live in financial times, what that time is facing is currently a societal crisis or, to be more exact, our time is facing a number of crises, each of world-historical dimensions. Reading the ‘Myths of a Near Past’, De Cock, Fitchett and Volkmann dive into the present historical representation of finance capitalism.

“The hard lessons of history”, which Simon Critchley also calls “listening to the counsel of the dead”, should in any case teach us that such a crisis does not necessarily lead to a change in our political or, for that matter, organizational logics. *ephemera* of course seeks to phrase the question in organizational terms: the probability of changing our political logics is, this is our claim, tightly connected to our ability to change our organizational logics. Paraphrasing Latour: Organizations are politics made durable. They are what history is made of.

What, then, does organization studies say about ‘change we can believe in’? The dominant view still maintains that

only management can do organization, and that organizing always involves permanent hierarchies of status and reward, Business School credentialism, the separation of conception from execution, the dominance of the market and so on. (Parker, 2002a: 209)

Will the common crisis do anything to change this state of affairs? Or only consolidate it even further? We have seen banks, credit institutions and even countries break down in the aftermath of a neo-liberal market frenzy, yet the production of alternatives has not caught any significant media attention, apart, perhaps, from a short notice to the effect that Marx's *Capital* sells better in Germany than ever.

Might it be that while we experience a state of emergency in the financial times we live in, we do not see the annulment of its norms, but rather their revelation? Says Angela Mitropoulos (2006: 98):

The state of emergency is not the exception which suddenly takes shape under the geopoliticised heading of 'war has come home'; rather, it is the norm and the experience of the world, whose functioning is laid bare in moments of crisis.

The functioning of neo-liberal economics, coupled with insipid 'market managerialism', Parker continues (2002b), is our present predicament, so much has been 'laid bare'. Market managerialism is, as Parker further argues, in itself a wholly transcendent belief in the happy marriage between capital and humanism, that is, management composed as a mix between economism (in the form of neo-liberalism) and behaviourism (in the form of positivist science).

What on one level is a financial crisis, then, points on another to this marriage between capital and humanism. The question is whether the crisis only reveals the functioning of this marriage or if it is also able to shake it up. Does the crisis lead to a critique or is critique in fact the first victim?

## Causes, conditions and creation ex nihilo?

When Benjamin and Brecht connected crisis with critique they reestablished these two notions with their ancient etymological roots. Both have their origin in the Greek *krinein*, which means 'to separate and decide'. Furthermore *crisis* designates, the OED tells us, 'the point in the progress of a disease when an important development or change takes place which is decisive of recovery or death; the turning-point of a disease for better or worse'. This allows a crisis to curl into a point where something changes, but also a point to be scrutinized and 'a point by which to judge'.

A dissection of the current crisis might for some involve finding the causes of the turning-point and showing their unjust and unreasonable character. Either by affirming that the neo-liberal market system is indeed a happy marriage between capital and humanism and the current crisis has more to do with the greed of people and less to do with the system itself, or by turning to the more social-democratic argument that the crisis is an effect of a wild casino capitalism, which respects the laws of neither state nor market. The problem with the happy marriage between capital and humanism, so runs this argument, is the slow deterioration of the classic welfare state logic, not the

relationship as such. The problem remains bound to its neo-liberal tendencies that have destabilized the institutions regulating the relationship between capital and the human.

Or perhaps a more Marxist route is the one to take. Here, then, greed does not explain anything; the Bernard Madoffs of the financial world are mere masks and capitalism creates and feeds on its own breakdown. The only lasting solution here seems to be a divorce between capitalism and humanism.

Or is it not really a matter of causes but the conditions of our experience. Whether transcendental in a Kantian sense or historical in a Foucauldian sense, critique is here the praxis of an analysis that examines a certain context (discursive, economical, social, mental etc.) in order to lay bare its conditions of existence. Critique, then, becomes a question of revealing these conditions to show how we became who we are and, hopefully, point to what we might become. The crisis becomes a mere symptom that allows us to point to the conditions of the marriage between capitalism and humanism. But symptoms, we may infer, are not merely given. They have to be interpreted and arranged to make sense. A true *symptomatology* would “not seek to *represent* the world by examining its symptoms”; it would “*intervene* in the world by rearranging its symptoms in thought” (Kristensen, Pedersen and Spoelstra, 2008: 2). In this way, finding the conditions of the crisis is already an experiment with what we can think, see and feel. By diagnosing the limits of understanding and action that these conditions put on us, we always participate in a rearrangement of symptoms paving the way for a new way of framing the problem of the crisis. Indeed by diagnosing and reposing the problem at hand we might then have the chance to do something differently.

Or we may situate our critique elsewhere. According to Meillassoux (2008) a proper post-critical and a-causal philosophy must understand everything as contingent. Nothing in and about thought and being is self-evident and necessary. Reality in itself is marked by its potential collapse “not by virtue of some superior law whereby everything is destined to perish, but by virtue of the absence of any superior law capable of preserving anything, no matter what, from perishing” (Meillassoux, 2008: 53). God does not exist, but he might do so in the future, the sun might explode tomorrow, gravity might stop working, and the current crisis may finally have no cause. All constants could change for no reason whatsoever (Meillassoux, 2007: 59). The current state of affairs, or, indeed, any state of affairs, involves both what it is and the possibility that it can always be otherwise (Hallward, 2008: 51). The financial crisis as well as the marriage between capital and humanism therefore offers no necessity; they are a mere collection of effects. Furthermore these are not effects of one singular cause or a complex network of causes rather they are effects of a “pure eruption of novelty *ex nihilo*” (Hallward, 2008: 52). There is no natural cause, social law or power that holds the marriage between capital and humanism together and it is only our human experience that is holding us back from disposing of this “superstitious belief in causality” (Hallward, 2008: 52). This makes the marriage and crisis a chance happening, something contingent. But as Meillassoux (2008: 108) points out, “the term contingency refers back to the Latin *continge*, meaning ‘to touch, to befall’, which is to say, what which happens, but which happens enough to happen *to us*”. In so far as something befalls us it does so without a governing law, and this also makes the crisis into a promise: we might become something radically different from what we are now.

This means that the marriage between capital and humanism is essentially not problematic because it is unjust in a moral or political sense but because we believe it to be something governed by given causes and conditions. But Meillassoux may teach us that crisis is not just a chance to change. Crisis shows us that everything is chance.

These are but some of the critical opportunities to scrutinize the crisis we have, theoretically speaking. But *ephemera's* subtitle remains *theory & politics in organization*. So what does this all mean on a practical or political level? We who 'live in' the business school are also part of both the reinforcement of the times and their annulment, not least when meeting students and managers to be. In fact the marriage between capital and humanism is quite explicit in the slogan of a place like the Copenhagen Business School, a place 'Where University Means Business'. Issue 8.3 of *ephemera* (2008) was a special issue on academia: 'University, Failed'. It quoted Samuel Beckett's *Worstward Ho* (1983): "Ever tried. Ever failed. No matter. Try again. Fail again. Fail better." Here, diagnosing a world of academic knowledge production which to an extreme extent has been managerialised, it pointed to the way crisis can be seen as nothing less than a training regimen in the art of failing.

At this stage, the United States should know the drill. Barack Obama has recently tried to empower the US to make 'changes we can believe in', believing, presumably, that hope can, quite abruptly, make us become something else. But the question remains: Is Obama's 'Yes We Can' just another way of rekindling the marriage of capitalism and humanism. Is Obama sending the shaky relationship off to a marriage counselor? Will the bond just get tighter when faced with crisis? And are we still not caught in the assumption that in the end the marriage is governed by something true and real? Perhaps it is time for a more radical critique: 'No We Can't'?

As long as the crisis was expressed as a *financial* crisis, through new buzz words like 'subprime' and 'venture capital' the crisis was, for many, an abstract crisis rather than an organizational and societal crisis. Yet, its real effects and horrible consequences can no longer be denied. Perhaps a micro-level war is the practical solution to a situation where a whole people would say 'No We Can't'. And war has, as Mitropoulos asserts above, certainly 'come home'; in practice, it was the transformation of homes from 'places to live in' into 'assets to profit from' in the last decade which now strikes down as 'crisis'. Suitably, the 2008 World Press Photo of the Year was won by the American photographer Anthony Suau for his black and white image of an armed officer moving through a home in Cleveland, Ohio. The inhabitants were evicted as a result of mortgage foreclosure, and the picture literally depicts a home at war, a sober comment to the crisis. Indeed, in the same movement war has come to the workplace, as an undeniable reality right in the praised heart of flexicurity welfare. At a Swedish automobile plant, the management's *crisis management* strategies include armed guards and specially made vehicles that bring the same management safely from their homes to the workplace. The managers will no longer have to run the risk of meeting any of their employees – people they may have known for more than 20 years - outside the office space, because of the risk of getting beating up. All this is their response to the risk of a people that might say, 'No We Can't'. Indeed, employees are continuously reported to have committed suicide as a result of bankruptcies in the industry. It leads us to again ask the question whether we are witnessing the annulment of the norms of our times, or

whether we are witnessing their revelation? Benjamin's *kritik* during the *krisis* of the Second World War ended, in one sense, in his suicide. Suicide is of course war brought directly into the human itself. Says Jesus, "A house divided against itself cannot stand" (Matt. 12:25).

The marriage between capital and humanism, then, is already starting to shake and no matter which theoretical and critical starting point that guides our encounter with the crisis, our endpoint may well be 'No We Can't'.

## Contributions

Even though this issue of *ephemera* is an open issue we still believe that each of the contributions in their own way critique either the financial times we live in or the same times' marriage of capital and humanism.

Christian De Cock, James Fitchett and Christina Volkman's article 'Myths of a Near Past: Envisioning Finance Capitalism anno 2007' addresses depictions of the world of finance and analyses how these depictions act as key representational elements in the all encompassing fantasy of a harmonious relationship between global capital and the good life. The article follows the same strategy that the authors used in the 2001 piece 'Myths of a Near Future'. This early *ephemera* piece confronted the manifestations of capitalism through a large collection of images about the New Economy. Through a discussion of 81 ads in the *Financial Times* this new piece focuses on how the financial world was represented and entangled into certain fantasies in 2007. In this way the article illustrates a near past filled with myths about the wonders of finance capitalism.

Alexander Styhre's article 'The Production of Informational Objects in Innovation Work: Pharmaceutical Reason and the Individuation of Illnesses' analyses a specific part of the marriage between humanism and capital: that of biotechnology and capital in new drug development. This marriage re-defines life under paroles such as 'pharmaceutical reason' and 'life is information'. Life is "no longer what is given but what is to be managed and monitored" and this is also, argues Styhre with the use of a Derridean concept, threatening to life: "the very concept of life is put... 'under erasure' [*sous rature*]". Based in Gilbert Simondon's concept of transduction, Styhre develops a framework that lays bare the relationship between, in this case, illness and its corresponding therapies. Thus he opens up for an understanding of a co-production of the two rather than their presumed linear causal relationship.

In Carl Cederström's interview with Simon Critchley, *Philosophy in the Boudoir and the Streets*, Cederström leads Critchley into the crisis of thought, since, in the latter's words, philosophy is not about wonder, but "disappointment". Yet, as Critchley argues,

There's something enormously exciting about being disappointed, something enormously exhilarating about being disillusioned. And that is also, as you say in your question, an experience of rebellion.

While we live in times of “military neo-liberalism”, Critchley points with an even spiritual gesture to “the power of the powerless”. As Cederström reports Critchley’s self confessed failure “both as a musician and a poet, but also as a political activist”, Beckett springs to mind again. Living in financial times, the Irish poet may well be one of those voices Critchley calls for: “the counsel of the dead, the hard lessons of history”.

Such a hard lesson is to be found in Christian De Cock’s note ‘What I read About the Global Financial Crisis in 2007 and 2008’. It ruthlessly demonstrates the “the schizophrenia of contemporary history”. Failing, and *failing worse* is what springs to mind after reading this mind blowing *cut up*.

In Jana Costas’ note ‘Mystification and Secrecy in Contemporary Corporate Life: A Reflection on Lars von Trier’s *The Boss of It All*’, von Trier’s comic movie is situated in what Boltanski and Chiapello (2005) have called ‘the new spirit of capitalism’. In this new spirit, informal and project-based management becomes a multilayered construction where the reality of the organization and the truth about life in the organization enters into a crisis of mystification: management by secrets and smoke screens becomes the ordeal. Just as with the financial crisis (of which the plot in the movie in fact is an offspring), the crisis in the company in question paradoxically comes from believing ‘too much’ in the dominant ideology carried forth by the omnipresent yet invisible ‘boss of it all’. Yet, even more paradoxically, exactly by believing too much the mesmerised employees morally circumvent the narrative, even if they are, as it were, sacked in the end. They failed, but they failed better.

The issue closes off in the heart of the financial times as Andreas Jansson reviews Jakob Vestergaard’s Foucauldian analysis of the (deficient) regulation of the global financial system. *Discipline in the Global Economy? International Finance and the End of Liberalism* is according to Jansson a very interesting and thoughtful book as it argues that the mechanics of the global financial system cannot be reduced to liberalism in the sense of deregulation and a free and unrestrained economy. In Jansson’s reading Vestergaard “advocates the application of what Foucault calls the ‘ethos of liberalism’: the constant questioning of whether we are governing too much (or too little).” Crisis management is here a reflective stance, rather than the default ideological answers that call for ‘firm action’ and the like.

We are, in a sense, brought back to philosophy, or thinking – its wonders, perhaps, but mainly, as Critchley suggests, its disappointment and the paradoxical excitement it offers. And, facing a number of fundamental and possibly fatal global crises, we share the hope that this disappointment may become “an experience of rebellion”.

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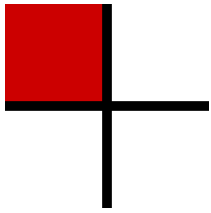
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## Myths of a Near Past: Envisioning Finance Capitalism *anno* 2007\*

Christian De Cock, James Fitchett and Christina Volkmann

### abstract

This paper seeks to extend earlier work on particular features and manifestations of capitalism (De Cock *et al.*, 2001). Our 2001 Myths of a Near Future paper offered ephemera readers a large depository of images concerning the New Economy. Eight years later our focus has shifted to Finance Capitalism. Over the course of the year 2007 we cut out and scanned 81 ads placed by financial institutions in the Financial Times. Our analysis of these aims to provide a sense of how the financial world ‘showed up’ in this pivotal year, whilst illustrating how its representations were interwoven with fantasy throughout. We also hope that the ensemble of images associated with the paper will be creatively reassembled by its readers and possibly provide a useful teaching aid.



The bank towers loomed just beyond the avenue. They were covert structures for all their size, hard to see, so common and monotonic, tall, sheer, abstract, with standard setbacks, and block-long, and interchangeable, and he had to concentrate to see them. They looked empty from here. He liked that idea. They were made to be the last tall things, made empty, designed to hasten the future. They were the end of the outside world. They weren't here, exactly. They were in the future, a time beyond geography and touchable money and the people who stack and count it. (DeLillo, 2003: 36)

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## Introduction

In the spring of 2007 the business newspaper Financial Times (FT)<sup>1</sup> launched a new advertising campaign with the slogan ‘We Live in Financial Times’. Spring 2007 was very much the zenith of a particular form of capitalism and the campaign was therefore finely attuned to the times. But what does it mean to ‘live in financial times? Our paper strives to give a partial answer to this question. Whilst acknowledging that socio-economic reality (in its totality) is unrepresentable, we endeavoured to undertake a tentative exploration of finance capitalism in 2007, thus allowing “a small-scale model to be constructed on which the fundamental tendencies and the lines of flight can more clearly be read” (Jameson, 2005: 14). Such an exercise is valuable, we suggest, because capitalism’s recent displacements have produced a world that is hard to make sense of using established conceptual tools and frameworks which were forged over the last century. This is a point elaborated at great length recently by both Sennett (2006) and Boltanski and Chiapello (2005) in their doorstep of a book *The New Spirit of Capitalism*.<sup>2</sup> The basic assumption of our paper is that the financial sector had become the main site in which the ‘Spirit of Capitalism’ was inscribed in the first decade of the 21st century and we believe, furthermore, that financial advertising as a medium offers us an access route to the representations associated with this ‘Spirit of Capitalism’. Our approach further borrows from Thrift’s (2005: 13) idea of capitalism as “a continual struggle to release new forms of representation that can capture how the world is... that can define how space and time should turn up in that world”. These forms are, of course, never ‘mere’ forms, but involve a dynamic of their own which leaves traces in the materiality of social life (cf. Žižek, 2008: 133). The particular form of representation we will examine in this paper concerns a sample of 81 advertisements placed by financial institutions in the Financial Times during 2007 (see appendix A). We will explore this ensemble of ads using two analytical angles – the use of space/place and the employment of a generalised image repertoire – and will search for possible glimmerings of utopia which may gesture to possibilities beyond what the ads denote. Our analysis thus aims to provide a sense of how the financial world ‘shows up’, whilst illustrating how its representations are interwoven with fantasy throughout.

Yet, this paper aims to be more than just a ‘research article’. We also intend to repeat the approach we took in a paper published in the early days of *ephemera* (De Cock *et. al*, 2001) which provided an extensive depository of images associated with the New Economy. These images captured the New Economy fervour which in retrospect can be seen as the penultimate manifestation of the Spirit of Capitalism.<sup>3</sup> We know from

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1 The ‘We Live in Financial Times’ campaign was launched in April 2007. The (animated) image in question can be accessed on: [www.weliveinfinancialtimes.com](http://www.weliveinfinancialtimes.com). The actual height of the buildings featuring in this extraordinary piece of architectural pornography is helpfully provided there.

2 Sennett (2006: 11-12) referred to this as “the most basic cultural problem: much of modern social reality is illegible to the people trying to make sense of it”.

3 In a rebranding exercise in the late 1990s the FT had declared itself ‘the newspaper of the new economy: FT.com’. New Economy advertising was characterised by a strange combination of irreverence and complacency about the business world. Under the guise of ‘the new’ we thus found a deeply conservative vein running through all the new economy ads published in the FT: “The ads thus appear to provide a message that is ‘metaphysically’ meaningful – somehow the

various lecturers who kindly got in touch with us that the advertisements we scanned and uploaded on the *ephemera* server have been used extensively as teaching aids over the past eight years on a wide variety of courses. This was hugely satisfying to us as it was precisely the impact we hoped to achieve. To quote from the conclusion to that 'Myths of a Near Future' paper:

We believe the technology enables us to take a truly dialogical perspective and genuinely invite you to 'play along' and examine the ads (including the ones we did not discuss), thus making engagement with this text a creative experience. All we ultimately have to say is: 'to the best of our abilities, and based largely upon material to which you have full access, this is what we make of the New Economy phenomenon'. Over to you. (De Cock *et. al.*, 2001: 221)

Gently spurred on by a member of *ephemera*'s editorial collective,<sup>4</sup> we thus offer a new set of images to be used and creatively reassembled by the reader. These are associated with a (very!) 'Near Past' that at the time of putting the final touches to this paper (autumn 2008) seemed already like a lost time, full of bizarre incidents and lunatic people (to paraphrase Doris Lessing<sup>5</sup>). The first half of 2007 was very much the apex of an era of triumphant capitalism where hedge funds, private equity, and the investment banks which made their activities possible, captured the public imagination. In this era of 'financialization' the future had simply become something in which one could invest and on which one could bank, very much in the spirit of stock market futures (Eagleton, 2006). This neutralized future had become "a kind of new actuarial colonization of the unknown" (Jameson, 2005: 228); the present simply stretching all the way to infinity. Little more than a year later we witnessed the collapse and disappearance of the investment-bank model and a desperate drive to consolidate a universal-bank model (Gowan, 2009), and hedge funds and private equity houses suddenly found themselves "on the brink of a Darwinian shake-out".<sup>6</sup> Whilst this paper is very much about that lost time when finance capitalism (almost) reigned supreme, in the final section of this paper we shall briefly return to the events which unfolded in 2008. These events seem to have been presciently captured in a fictional dialogue between a hedge fund manager and his employee which features in a Don DeLillo (2003) novel:<sup>7</sup>

'[T]ime is a corporate asset now. It belongs to the free market system. The present is harder to find. It is being sucked out of the world to make way for the future of uncontrolled markets and huge investment potential. The future becomes insistent. This is why something will happen soon, maybe today,' she said, looking slyly into her hands. 'To correct the acceleration of time. Bring nature back to normal, more or less'. (DeLillo, 2003: 79)

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spontaneity of business life is being restored – while actually reflecting the very same reified conditions they challenge" (De Cock *et al.*, 2005: 47).

- 4 We also wish to acknowledge Prof. Urs Stäheli who organised the *Envisioning Finance* workshop at the University of Basel in December 2006 and thus inspired us to start collecting the ads for this paper.
- 5 As she put it: "There is nothing you can do to convey an atmosphere, a Zeitgeist. You can offer incidents to illustrate that lost time (which may be a very short time ago indeed), but more often than not they seem bizarre and the people involved lunatic" (Lessing, 1981: 172).
- 6 A direct quote from a *Financial Times* editorial (03/10/2008) entitled: 'Hard Times for Hedge Funds'.
- 7 *Cosmopolis* is set in Manhattan in 2001 and documents a day in the life of multi-billionaire hedge fund manager Eric Packer who owns a forty-eight-room Manhattan apartment and a decommissioned nuclear bomber.

## Why Finance Capitalism?

Since the unfolding of the ‘Credit Crunch’ started in August 2007, the financial world has been very much in the news. Even rather arcane terms like CDO (Collateralised Debt Obligation) and CDS (Credit Default Swap) have been explained to us at great length on prime time television.<sup>8</sup> Yet, this is only a symptom of a much more structural process. Data from the US Department of Commerce, Bureau of Economic Analysis show that from the end of World War II until the start of the 1990s profits generated by the US financial sector averaged around 20% of all other corporate profits. During the first 7 years of this century they averaged closer to 60% – even in the 4th quarter of 2007, when sub-prime losses started to hit certain financial institutions hard, they still stood at 55%.<sup>9</sup> The driver here has been financial liberalization and advances in ICT which encouraged financial innovation (Glyn, 2006). This meant that the financial sphere expanded massively in prominence, with ever more asset seams being turned into collateral and producing financial assets from places that were previously thought to be beyond the reach of the formal financial system (Leyshon and Thrift, 2007).

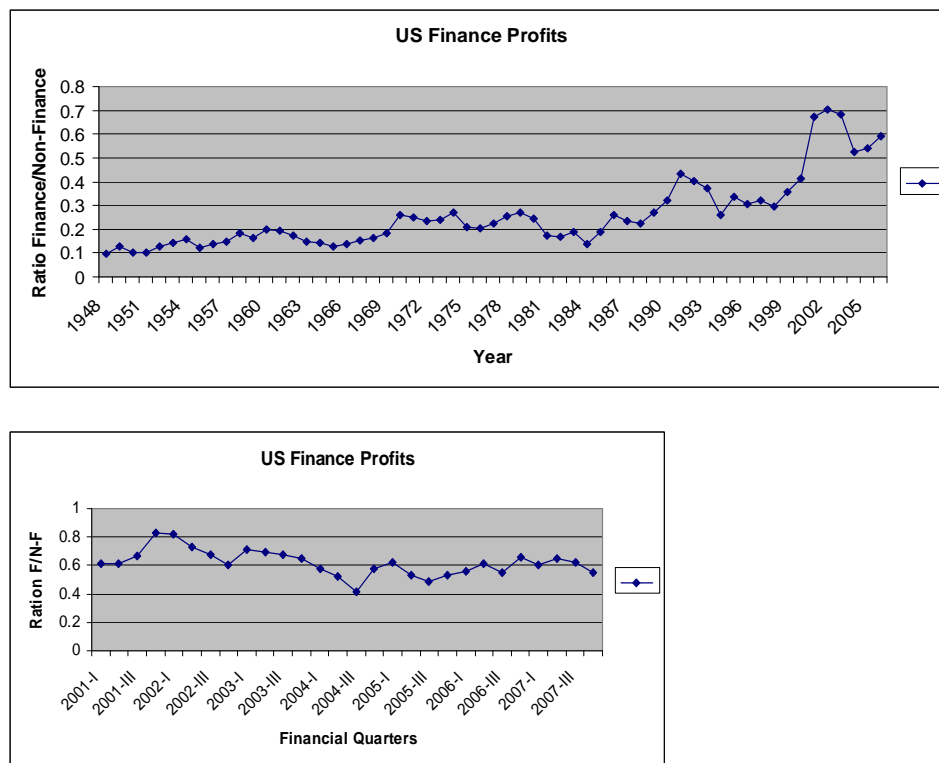


Figure 1: US Finance Profits Compared to Rest of the Economy

- 8 For example, *How The Banks Bet Your Money* (Channel 4, 18/02/08, 8pm), and *Super Rich: The Greed Game* (BBC, 01/04/08, 9pm). These programmes tended to sensationalise City excesses (in terms of risk taking and remuneration). For a more balanced popular account, see MacKenzie (2008) or Gowan (2009).
- 9 Our calculations based on Table 6.16D, Corporate Profits by Industry ([www.bea.gov](http://www.bea.gov)). Blackburn (2008: 87) describes how one single hedge fund bet aggressively against house prices, mortgages and CDOs and saw its value increase from some \$30 million in 2006 to over \$4 billion by the beginning of 2008.

By 2007 finance capitalism had also acquired a cultural and societal influence far beyond hard numbers. Whilst in its basic functioning the financial world had remained largely opaque to most people (De Cock, 2008), we witnessed in recent years “a largely unthinking willingness for government to adopt City approaches to other aspects of society” (Lanchester, 2008: 9). Our general focus is thus further justified in that “the avatars of a particular kind of capitalism have persuaded so many people that their way is the way of the future” (Sennett, 2006: 12). Capital appears very much as the concrete universal of our historical epoch: “That is, while it remains a particular formation, it over-determines all alternative formations, as well as all noneconomic strata of social life” (Žižek, 2004: 294). Finance capitalism in particular appeared no longer rooted in any particular culture or ‘world’. It had become a truly neutral economic-symbolic machine which operated well with any particular values (Žižek, 2008). The advertising campaigns of HSBC (‘The World’s Local Bank’) and Zurich Insurance, expounding these organizations’ multi-culturalist credentials, illustrate the point nicely (e.g. ad HSBC170407; also Zurich131107 ).<sup>10</sup>

## Background to Our Study

Work on the image therefore becomes a prime activity of capitalism. (Amin and Thrift, 2004: xxi)

Benjamin thus reconceives ideology not so much as a particular set of ideas, rather as a figural process which both distorts and expresses... It is in tracing out this dream-work, he suggests, that one receives hints of a determining set-up, binding yet silent in its machination. (Miller, 1996: 93)

We see advertising as a particularly important way for finance capitalism to represent itself. As such our approach has strong affinities with the Landscapes of Capital project of Goldman, Papson and Kersey (2003). They developed a website (<http://it.stlawu.edu/~global/>) which is dedicated to mapping what they call ‘the mythologies’ of Capital and address there the basic question: ‘How does Capital represent itself?’. For Goldman *et al.* (2003) capitalism as represented in its advertising, “has a vision of an inevitably smarter future presided over by autonomous technology and ubiquitous financial capital. In this new system of global capitalism, anchored in stock markets, harmonious social relations reign”. Bourdieu (2005: 227) pointed out in this context that the production and diffusion of representations of the world that have an image of modernity attached to them has become a powerful ideological tool. Yet, these ideological effects are always mediated; we cannot assume some simple mechanical causality whereby representations automatically bring about particular changes in the reader’s knowledge or behaviour (Fairclough, 2003). Rather, representations such as those found in advertisements help shape imaginaries through powerful projections.

In carrying out our study we judged the *Financial Times* newspaper (FT) to be an important conduit for shaping the business imaginary (cf. Glyn, 2006). Over the course

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10 All of the ads discussed in this paper are dated in the format dd(day)mm(month)yy(year). For example, the HSBC advertisement appearing on 17 April 2007 is coded as HSBC170407. All of the advertisements can be searched and viewed in the accompanying PDF archive file.

of the year 2007 we collected financial ads published in the FT from 41 different financial institutions, including most of the major banks and insurance companies. Whilst many of the ads were published several times, we gathered 81 distinct examples. These ads, considered as a set, purport to make tangible the largely abstract world of finance to the FT readership. As Berger indicated many years ago:

Publicity is not merely an assembly of competing messages: it is a language in itself which is always being used to make the same general proposal. Within publicity, choices are offered... but publicity as a system only makes a single proposal. (Berger, 1972: 131)

What we are particularly interested in is creating particular ‘constellations’<sup>11</sup> – teasing out the ‘dream-work’ as Benjamin suggested – from these ads which may lead to some kind of ‘re-functioning’ (Umfunktionierung to use the Brechtian term). The purpose of this concept in Brecht is to transform existing media so that their use of illusion no longer functions as a means of sustaining institutions but now becomes a critical guide to our contemporary situation (Jameson, 1998). We thus want to read these ads not “in accordance with their function... but in accordance with what is legible of the image – in excess or in default of its function – against the protocol of demonstration by which the images are produced” (Badiou, 2006: 50). We aim to establish some sense from these images as something whose meaning does not derive from what they simply represent, bringing to the fore their aestheticizing and mythologizing force and thus pointing to some non-intentional truth. By attending to the traces of the ‘dream-work’ contained in the ads we attempt to gain (limited) access to “a structuring framework analogous to that which Wittgenstein claimed could not be said but only shown: a real-ideal structure that is the totality of ‘what is the case’” (Miller, 1996: 106). Since we cannot simply render this ‘real-ideal structure’ visible such an attempt will always comprise a degree of failure.

## Crisis? What Crisis?

Before turning to our analysis, it is worth pointing out a somewhat stark fact. The period over which the advertisements were collected (January-December 2007) coincided with momentous changes in the financial world. Whilst 9 out of 11 financial institutions with the biggest asset write-downs and credit losses (up to January 2008) are represented in our sample, only 2 (!) ads (both by Merrill Lynch: ML131107, ML271107), actually pick up on what was described in an FT editorial (06/11/2007) as the financial world’s “most traumatic year since the 1987 crash”. This should not surprise us as it now has clearly transpired that the large financial institutions sought to disguise “both the nature of their plight and their survival tactics” (Gowan, 2009: 19).<sup>12</sup>

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11 The astronomical analogy is deliberate here. Like stars in the night sky these ads can be arranged in a constellation. Constellations relate stars to one another in a way that gives them a form – a form that the stars play no role in determining since they cannot see how we see them. The stars remain unchanged from what they were before the constellation is recognised (cf. Ferris, 2008). As such it is a more modest metaphor than the ‘mapping’ one proposed by Goldman *et al.* (2003).

12 As recently as April 2008 key actors in both government and the financial sector were still arguing that “the crisis was a blip, analogous to a muscle strain in a champion athlete which could be

This omission, which can be read as a process of systematic denial and obfuscation at an institutional level, provides us with an opportunity to examine the purpose and consequences of advertising as an operation within these ‘financial times’, as well as pointing to the specific genre conventions of financial advertising itself. At the most prosaic level the sample of advertisements shows the necessary, routine, and somewhat inevitable requirement for financial organisations to continue everyday activities concerning the maintenance of brand presence despite the chaotic and controversial realities of the commercial environment at any given time. Whatever the financial weather, advertising space continues to be purchased and filled with images and themes consistent with the genre of the financial advertising industry. We can only speculate about the motives and intentions underlying specific creative decisions to include particular image repertoires, clichéd statements and popular motifs.

But in the end all of the examples in the sample look and feel like financial services advertisements. The basic message they want to get across is: ‘In an environment that is complex and risky our organization has the expertise, experience and stature to guide and reassure you. To achieve long term commercial success requires our vision, leadership, and commitment’.

That few of these advertisements respond either directly or indirectly to the likely specific recent uncertainties and fears of investors and business professionals only serves to reinforce the perceived need to stick-to-the-message in times of crisis. The confessional admissions reported in the two Merrill Lynch advertisements can therefore be read in a number of ways. In one sense they can be interpreted as a momentary invasion of the real into the otherwise consistent and predictable symbolic comfort zone of these financial times. That this violation of the conventions and protocols of the semiotic status-quo is so contained (to only two ads and one organisation) illustrates the power of the imaginary to remain intact and to quickly repair itself, even when it is so starkly in contrast to the everyday concerns of the investor community. An alternative reading would be that Merrill Lynch are simply incorporating (or colonising) this recent aspect of the everyday realities of the financial sector into the imaginary world of financial advertising in order to impress and restate an otherwise commonplace cliché within the genre itself. ML131107 for instance appears to begin with an uncharacteristic admission that all is not well. But by the middle-to-end of the copy the ad returns to familiar themes such as ‘we drive innovation’, ‘we have the experience and strength to survive difficult times and lead you to a better place’. The follow up advertisement a day later (ML141107) represents a complete return to the stylistic conventions that characterise much of the sample. The blatant analogy (Merrill Lynch is like a bull – strong, powerful, hard to stop/knock off course) is supported by an otherwise predictable phrase (‘others considered it impossible – but we can do the impossible’) combined with characteristic hyperbole (‘to learn how we managed to pull off this historic deal’).

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healed with some rest and physiotherapy – as opposed to a heart attack in a 60-a-day smoker whose cure would require surgery and major changes in lifestyle” (Wade, 2008: 7).



## Space and the City

...a full-blown standardization of space takes hold, very similar in its ambitions and effects to the nineteenth century standardization of time. (Thrift, 2005: 214)

When considering the sample of ads in its entirety a strong spatial dimension immediately becomes apparent. Forty three ads have 'space' as their main theme, spread over categories we labelled: modern city, nature, human landscape/architecture, globe (image), global (abstract), and 'glocal' (see appendix A). Often we are confronted with spatial impossibilities in these ads; a standardization and even obliteration of lived space, as in the crucial FT ad ('we live in financial times' – FT04) where we find all the world's iconic commercial buildings crammed together on an island. Eight of the ads have a globe or map of the world as their central image (BNYM221007; City0802; esignal251007; EspSant191207; HSBC031207; MacQuarie041207; SocGen221107; WestLB191007), whilst one organization's logo (Clariden Leu) quite literally makes up the landscape (Clariden081107; 221107).

The extensive use of images of the city is perhaps the most prolific and persistent motif in financial advertising. In a wide ranging art-history of the depiction of the cityscape, Eaton (2001) concluded that almost all urban blueprints share a common quest for the human world to dominate nature. If this is the case then the depiction of the cityscape in financial advertising seeks to take this value one stage further by signifying the control over the city itself. This in turn provides a powerful image that at once depicts control and domination but also insulation and protection against the uncertainties of an otherwise uncontrollable nature and force. This relationship between institutions of capital and the city is of course an evolving one. Organisations have arguably always used the built environment as a way of physically and symbolically signifying power and strength. The extensive use of the Palladian style of architecture for the facades of banks, museums and political buildings throughout the 18th and 19th century is perhaps most indicative of this relationship. The headquarters of the aforementioned Clariden Leu in Zurich provide an example of this style.



Figure 2: Clariden Leu's HQ (photos taken by C. De Cock, February 2008)



Financial advertising draws on a range of architectural styles to effect this signification, including classical and neo-classical styles as well as functional modern styles. Unlike the modern industrial city which is based on the idea of the centre, whereby important buildings (and therefore power) lie at the heart of the city, financial advertising incorporates what we might term the vanishing city (Pascal, 1987). Here power is shown to exist above, outside, or across and beyond the cityscape itself. This representation is nearer to the notion of the universality of capitalism; one that is de-centred in both spatial and temporal terms.

Depictions of actual and fantasy city skylines featuring towering skyscrapers are evident in Ace141107, Aviva100707, BNPParisb010707, and HSBC121107. The frequent use of the image of the cityscape can be explained on a number of levels. First, images of the symbolic structures that house financial organizations create the impression that financial culture has a specific materiality as Pryke and du Gay (2007) pointed out. These images also serve as a mirror that is meant to reflect the gaze of the reader back upon him or herself. One might imagine the idealized reader of the ad to be positioned within one of the buildings depicted, or at least aspiring to be positioned there. On a crude symbolic level the image of the tower block can also be used to depict corporate success or power. This might be based on the symbolic implication that successful financial institutions occupy the highest towers – the idea that somehow corporate achievements are measurable in the number of floors ‘up’ one needs to travel to get to the top. Alternatively the symbolic association might work at the same time on the level of the individual, based on the idea that successful business people occupy the highest floors of the highest towers. This reading is supported by the fact that hardly any of the advertisements that feature tower blocks show the base of the buildings or people located in the lower floors. In HSBC121107, for example, the base of the city is clouded in mist, with only the peaks of the skyline visible. This is taken one step further in UBS171107, an image of some kind of ‘architectural inflation’ where the consulting partners are shown walking and talking casually on a platform or floor that towers above the towers as it were (See also Zurich261107 for a similar example). Sant300307 is interesting in this regard because it at once exploits this particular visual motif in a fairly conventional way but then uses the copy to expose, by way of parody, the symbolic purpose of the image in the first place. To the receiver the image conveys this first message quickly and efficiently, and for the minority expected to read the copy a further meaning is added.

## **A Generalized Image Repertoire**

One of the marks of our world is perhaps this reversal: we live according to a generalized image-repertoire... [this image repertoire] completely de-realizes the human world of conflicts and desires, under cover of illustrating it. What characterizes the so-called advanced societies is that they today consume images and no longer, like those of the past, beliefs; they are therefore more liberal, less fanatical, but also more ‘false’... something we translate, in ordinary consciousness, by the avowal of an impression of nauseated boredom, as if the universalized image were producing a world that is without difference (indifferent). (Barthes, 1980: 118-119)

It seems that our capitalist society, to use the terminology of the eighteenth century, has become ‘sublime’ (Eagleton, 1991); or to put it in Lash’s (2007) terminology,

‘metaphysical’. It cannot be represented. Although capitalism encompasses the whole world, it sustains a *stricto sensu* ‘worldless’ ideological constellation, depriving the large majority of people of any meaningful cognitive mapping.<sup>13</sup> For (aspiring) managers (the audience of the FT) to get their bearings within the texture of capitalism it is essential to construct a myth which will translate it into graphic, immediate terms. The production of images must give the illusion of substance (of ‘having content’). Yet the ads do this in the most cliché ridden ways imaginable, simply raiding a generalized image repertoire, as Roland Barthes had already alluded to in 1980. The more meaningless the details, the more vigorously the ads seem to signify ‘we are the real’ (cf. Culler, 2007). In deploying random details the ads create what Barthes (1980) called a ‘reality effect’, and in doing so they reinforce an overall sense of necessity and solidity. The detail is arbitrary and contingent in itself, but contributes to the solidity of the myth as a whole, and thus to a sense of general necessity. The fact that the ads are replete with meaningless details is an advantage: they should be reminiscent of cultural lessons half-learned. Advertising makes history mythical, but to do so effectively it needs a visual language with historical dimensions (Berger, 1972). The sublime dimension is most obviously present in our sample of ads which employ the figure of the *Rückenfigur* as used frequently in the paintings by the German Romantic painter Caspar David Friedrich (Ace141107; Aviva100707; Zurich261107; CredSuis130307).



Figure 3: Caspar David Friedrich’s use of the *Rückenfigur*<sup>14</sup>

13 To quote again from DeLillo’s novel *Cosmopolis*: “Money has taken a turn. All wealth has become wealth for its own sake. There’s no other kind of enormous wealth. Money has lost its narrative quality the way painting did once upon a time. Money is talking to itself” (DeLillo, 2003: 77). Jameson (1997) pushes the analogy further when he compares money to modernist paintings.

14 Both images were downloaded from [http://de.wikipedia.org/wiki/Caspar\\_David\\_Friedrich](http://de.wikipedia.org/wiki/Caspar_David_Friedrich).

The ad by Mizuho (271107) quotes directly from the work of Hokusai, whilst many others use traditional themes from oil paintings as identified by John Berger in his seminal book, *Ways of Seeing* (1972: 138). Examples include “the romantic use of nature to create a place where innocence can be refound” (CredSuisse261107; Fortis241107) or “the treatment of distance by perspective – offering mystery” (HSBC121107; MorganS200307; Perpetual 241107).

A further striking feature of the majority of the FT ads is that they are not aimed at selling a product or service; they just intend to show that ‘their’ particular organisation is very much ‘present’ in the (financial) world. Many ads want to convince the reader how this financial world can be interesting and exciting. They thus move beyond simple economic motives and incentives, setting up a background we can describe as ideological. Indeed, the homogenization of the world these ads imply (a world that is without difference), the spurious equating of distinct spaces and phenomena, can be seen as a profoundly ideological exercise. The Žižekian point here would be that it is precisely the neutralisation of some features into a spontaneously accepted background that marks out ideology at its purest and at its most effective: “the actualisation of a notion or an ideology at its purest coincides with, or, more precisely, appears as its opposite, as non-ideology” (Žižek, 2008: 31).<sup>15</sup> Precisely by unthinkingly reproducing ad nauseam words and images of a generalised repertoire, the ads point to something beyond what the companies (or their advertising agencies) intended. In this we can draw important parallels to our study of New Economy advertising around the turn of the century (De Cock *et al.*, 2001; 2005). Just like those new economy ads, the finance ads can be seen as naturalizing and universalizing a particular social structure, rendering any alternative to it unthinkable. The only subject who can thrive in the environments depicted in these ads is the ‘Homo Oeconomicus’ described by Bourdieu (2005) as ‘a kind of anthropological monster’. Even more to the point, it is Callon’s (2007) Homo Economicus 2.0 (HE 2.0 for short) (as represented beautifully in CME040107):

By promoting Homo economicus 2.0, new innovation regimes produce agencies that strengthen the power and effectiveness of markets. Yet at the same time they multiply matters of concern regarding the anthropological model that is thus allowed to prevail... The privilege granted to HE 2.0, as a form of agency required to survive and prosper in markets as networks of innovation, leads to the exclusion of agencies which have neither resources nor equipment nor prostheses enabling them to act, think and behave as HE 2.0. (Callon, 2007: 156)

Images of the lone business executive feature prominently in the sample. In Ace1411 the viewer’s gaze is directed towards the image of a single businessman surveying a typical finance skyline. Perhaps he is reflecting on a recent transaction or contemplating future prospects. The reader is not really invited to join the lone figure. It as if we are voyeuristically invading an otherwise solitary space. Perhaps we have exited the lift on the wrong floor by mistake, or have come to a private balcony after taking a wrong turn. The image is one of both control and vulnerability. The individual shown is separate from – or outside of – the everyday world; excluded, but nevertheless relaxed and ready

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15 Or, as Bourdieu (2005: 204) put it: “Everything conspires to make us forget the socially constructed, and hence arbitrary and artificial character of investment in the economic game and its stakes”.

to 'strike', to make decisions, take risks and reap returns. An almost identical symbolism is repeated in Zurich261107. In BNP-Parib010707 and BNYM271107 there is a slightly different depiction. Here the individual business executive is shown 'wired into' and mediated by the technologies of finance. His place in a network is symbolised either as a gesture of control and omnipotence, or struggle. When partnerships are shown it is partnership for a purpose. There is something more tranquil about the representations of human interactions in DB0202 and a series of UBS ads under the 'You & Us' theme (UBS250107, 131007, 171107) but also something possibly more sinister. What is being discussed in DB0202? What strategies are being developed? One interpretation would be that these images draw upon a kind of Faustian motif, whereby the executive finds it necessary and desirable to collude with a diabolic agency capable of providing insights and mitigating risks in the face of financial uncertainties.

## Towards a Dialectical Image?

Where thinking comes to a standstill in a constellation saturated with tensions, there the dialectical image appears. It is the caesura in the movement of thought. Its position is naturally not an arbitrary one. It is to be found, in a word, where the tension between dialectical opposites is greatest. (Benjamin, 2002: 475, Convolute N10a, 3)

In a final interpretive move we will try to unearth some glimmerings of utopia from these ads. Whilst they aim to construct myths which operate as strategic containments of real contradictions, they may also gesture to possibilities beyond our current condition and thus dimly prefigure the shape of a different society. These possibilities may become apparent by tearing the ads out of their context in which they are originally embedded and arranging them afresh in a sort of surrealistic montage.<sup>16</sup> Such decontextualisations may then reveal a truth that was obscured in their original context. Here we are guided by Walter Benjamin's (2002) notion of the dialectical image, sometimes conceived of as the "Ur-historical experiences of the collective unconscious" (Tiedemann, 2002: 945).<sup>17</sup> For Benjamin (2002), utopia has left its trace in a thousand configurations of life, from enduring edifices to passing fashions. He devised his 'dialectic at a standstill' in order to make such traces visible, to collect the trash of history; and to 'redeem' them. Benjamin submerged himself in the ignored and scorned reaches of history and tried to salvage what no one had seen before him. In his *Passagen-Werk* (Arcades Project) in particular, Benjamin drew attention to the fact that constructions such as the Paris Arcades owed their existence to and served the industrial order of production, while at the same time containing in themselves something

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16 For example, Rancière (2004: 23) refers to the Surrealist practice of producing work that expresses the artist's unconscious with the outdated illustrations in catalogues or newspaper serials from the previous century. Benjamin (2002) praised the Surrealists as the first to perceive the revolutionary energies that appear in the recently 'outmoded', anything where the vogue has begun to ebb away from it; the alluvium of the recent past.

17 Whilst 'dialectical image' and 'dialectic at a standstill' are the central categories of Benjamin's *Passagen-Werk*, their meaning never achieved any terminological consistency (cf. Tiedemann, 2002).

unfulfilled, which could never be fulfilled within the confines of capitalism: “Every epoch has such a side turned toward dreams, the child’s side” (Benjamin, 2002: 838, (F°, 7)). Rancière (2004) picks up on this with his notion of utopia as something purposefully ‘unreal’, “a montage of words and images appropriate for reconfiguring the territory of the visible, the thinkable, and the possible” (Rancière, 2004: 41).

Figure 4 below offers a rather obvious collage/montage, bringing together ads (UBS131007, 250107; HSBC171207; Santander081107; CreditSuisse100707; CreditAgr201007) which to us seem to express most explicitly a spirit of ‘disinterestedness and generosity’ (Bourdieu, 2005). It must seem immediately clear to the reader that this attempt at creating a dialectical image fails miserably. There is no real tension, no reconfiguring of the territory of the visible. It can be considered as little more than a collection of emotional mush. This is utterly unsurprising of course as the depiction of harmonious social relations is such a key representational strategy of global capital (cf. Goldman *et al.*, 2003); social relations are thus transformed into objects of fantasy. Images of community and the good life become key parts of a market-friendly strategy (Schroeder, 2006). Interestingly, as one of our reviewers pointed out, ‘the images adopted are not too far away from those evoked in wartime propaganda posters – an ideal world with iconic imagery’.



Figure 4: The Soft Side of Finance Capitalism

Compare this to Taussig's description of what works as a dialectical image for him:

I wonder if these strange silhouettes of 'hollowed out' businesspeople stepping off the ferry, no less than the quiet people fishing on the wharf, more nature than culture, have absorbed into themselves the dead past of these waterfront suburbs, their dead boat-building industriousness and once-busy social life? In which case, that moment when the boat hits the wharf to unload its passengers, that moment in the dusk after work, that is the dialectical image. You feel the shudder radiating along the creaking wooden wharf. It goes way down the piles into the ocean floor. Softly. (Taussig, 2006: 102)

The dialectical image is the means by which Benjamin hoped to overcome the complicity with myth while rescuing a utopian dimension; the moment of awakening where the dream world reveals its construction. This moment of awakening "would be identical with the 'now of recognizability' in which things put on their true – surrealist – face" (Benjamin, 2002, N3a). Yet, we have to refer to Taussig because Benjamin provides no concrete examples of the dialectical image. As Ferris suggests:

Its significance is its interruptive force. To actualize this image and sustain it beyond the moment when it flashes before us would be to rob it of this force. For this reason, the most searching historical insight of The Arcades Project may also be the reason why this project derives its greatest significance from a failure to achieve its theoretical potential. (Ferris, 2008: 12)

As such we would invite the reader to (try and) construct his or her dialectical image from the material we offer, or perhaps try connecting the material to images they assembled themselves. We cannot simply offer a dialectical image that would work for everyone. Still, we can fast-forward to 2008 and offer a reprise-with-a-twist of the iconic image with which we started off this paper. This is not the picture found on the FT website but our own photograph of the 'We Live in Financial Times' campaign poster, taken late at night in a deserted corner of Schiphol airport. Here the architectural pornography of the actual image combines with the melancholic mood which surrounds it (both in terms of the actual setting and the context of the fast crumbling financial empire at the time the photograph was taken). If the contrast here is purely contextual<sup>18</sup>, the little used FT ad of a vandalised advertising board<sup>19</sup> provides a more brutal contrast. Given the carnage that was to follow in 2008<sup>20</sup>, the FT wisely decided not to give this image much prominence as it would have provided a rather too-close-to-the-bone representation of the state of finance capitalism. Yet, the FT needn't have worried. Over the course of the year the number of financial ads published in the FT actually trebled

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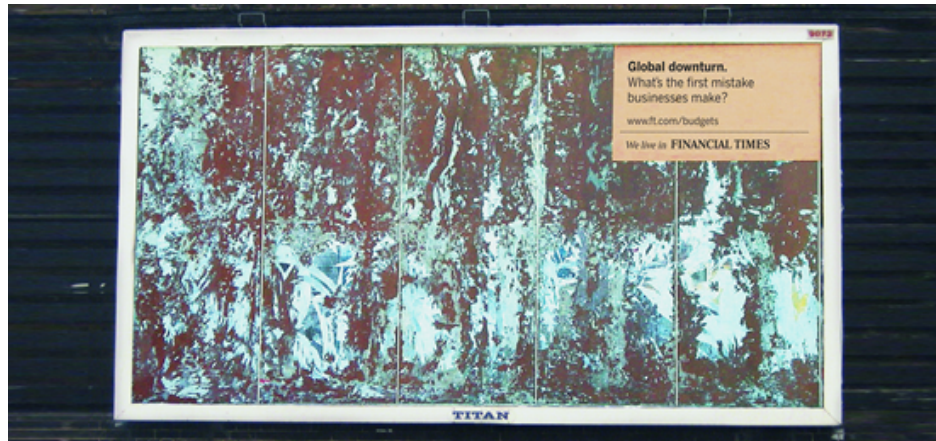
18 We are reminded here of Borges's short story on Pierre Menard who set out to rewrite Cervantes's *Quixote* but actually produced a perfect copy. Borges's brilliant analysis of the different contexts of the two texts allows him to attribute many new and remarkable meanings to the second text, leading to his delightful but baffling conclusion: "Cervantes's text and Menard's are verbally identical, but the second is almost infinitely richer" (Borges, 1970: 69).

19 The image can be found on [http://www.ftadmin.co.uk/downturn\\_web/index.html](http://www.ftadmin.co.uk/downturn_web/index.html). The accompanying copy reads: "Faced with a downturn, many businesses cut advertising and marketing spend. But it's their biggest commercial mistake".

20 In October 2008 the Governor of the Bank of England suggested that 'the banking system had been closer to collapse than at any time since the start of World War I'. In a companion piece to this article (De Cock, this issue) one of the authors has tried to capture the extraordinary events and schizophrenia of contemporary history (covering the period 2007-2008) in a Benjamin-inspired montage.



(we collected approximately 250 ads in 2008) as mythmaking clearly went into overdrive. We hope to revisit this next phase in the representation of finance capitalism in due course,<sup>21</sup> but for now we leave you with these two images which both create their own dialectical tension with the original ‘We Live in Financial Times’ campaign image.<sup>22</sup> Over to you...



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21 The sheer amount of data collected means it is impossible to do justice to the material within the confines of this paper.

22 Photo taken at Schiphol Airport by C. De Cock, February 2008.

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## Appendix A: Overview of Our sample

	Modern City	Nature	Human Landsc.	Global (image)	Global (abstract)	Glocal	Client Focus	Growth	Current events	Performance	Art/Sport	Reliable	Totals
ABN-Amro										1			1
Ace (Insurance)	1												1
Allianz			1										1
Anglo Irish Bank										1			1
Aviva (+ Morley)	1									1			2
Bank of America										1			1
Bank of New York Mellon				1	2								3
Barclays								2					2
BNP Parisbas	1												1
CIB (Egypt)											1		1
Citygroup				1									1
Clariden Leu			2										2
CME												1	1
Credit Agricole										2			2
Credit Suisse			4										4
Deutsche Bank					1					1			2
E-signal (software)				1									1
Espirito Santo				1									1
Financial Times	1												1
Fortis								2					2
Geneva's Bankers	Private											1	1
HBOS							1						1
Henderson (Fund Manager)											2		2
HSBC	1			1		5	2						9
ING											1		1
Invesco Perpetual		1											1
JP Morgan										1			1

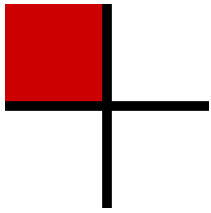
Julius Bär												1		1
Macquarie				1										1
Man Financial (Hedge Fund)							1							1
Merril Lynch	1							3		1		1		6
Mizuho			1											1
Morgan Stanley							1							1
PICTET (Private Banking)								1						1
Royal Bank of Scotland								1			1			2
Santander			1					1			2			4
Societe Generale				1		1					3			5
Standard Chartered								1						1
UBS	3		1											4
UniCredit				1							1			2
WestLB (+ story)				1		1								2
Zurich (Insurance)	1					1								2
<b>Totals</b>	<b>10</b>	<b>2</b>	<b>9</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>3</b>	<b>11</b>	<b>9</b>	<b>4</b>		<b>81</b>

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## The Production of Informational Objects in Innovation Work: Pharmaceutical Reason and the Individuation of Illnesses

Alexander Styhre

### abstract

Innovation work and other forms of knowledge-intensive work operate on the basis of the production of informational objects – epistemic things – anchored in techno-scientific procedures and embedded in a broader set of social, cultural, political and juridical institutions and practices. Examining new drug development in the biotechnology and pharmaceutical complex, it is suggested that the linear causal relationship between illness and prescribed therapies can no longer be taken for granted. Drawing on the writing of Gilbert Simondon and what he calls *transduction*, the meta-stabilization of individuated entities, illnesses and their therapies are seen as being mutually constituted and co-produced in a bio-capital regime of accumulation dominated by what has been called pharmaceutical reason. It is thus suggested that alternative routes of investigation in the study of new drug development may be fruitful for understanding emerging forms of innovation work and knowledge-intensive work.

### Venturing in the Bio-economy

By storing your baby's umbilical cord blood with California Cryobank Stem Cell Services, you are safeguarding the future health of your child by providing your baby with a lifetime of insurance needed to take advantage of today's medical breakthroughs and tomorrow's discoveries.  
– Web Advertising – Cryobank Inc. (cited in Brown and Kraft, 2006: 322)

Quite recently, Dougherty (2007) addressed a series of fallacies within innovation research and called for alternative perspectives on how pharmaceutical companies are organizing and managing their new drug development work. In the innovation literature and in the knowledge management literature, there is an unfortunate tendency to conceive of objects of knowledge underlying innovations, that is, what Rheinberger (1997) calls *epistemic things*, as being self-enclosed and ready-made. This paper aims at critically discussing such perspectives on the basis of the theoretical framework formulated by the French philosopher Gilbert Simondon. Following Schultze (2000: 7), knowledge work is conceived of as the “production and reproduction of informational objects”; knowledge workers are operating on the basis of ensembles of entities that are simultaneously material and informational.

However, rather than subscribing to such an ‘entitative view’ of objects of knowledge, these objects must become subject to analysis in their own right, that is, in terms of being events (Whitehead, 1978), assemblages (Deleuze and Parnet, 1987; DeLanda, 2006), or, as in the case of technologies, as ensembles (Orlikowski and Iacono, 2001). In the research on innovation in the biotechnology and pharmaceutical industries – two interrelated but not overlapping industries (Rajan, 2006) – new registered drugs are often seen as what emerges in a linear process from the synthesis of a new molecule, in vitro and in vivo testing, and eventually large-scale clinical testing. In this perspective, new drug development is a linear and essentially rational process aimed at providing adequate therapeutic effects on basis of a predefined and semi-fixed set of targeted illnesses that have been evaluated to represent a substantial market opportunity.

However, in actual new drug development, the relationship between illness, therapy, and all the multiplicity of social actions that emerges in between the two ‘endpoints’ is less clear-cut and schematic. Instead, as with research in the field of new drug development, the relationship between illnesses and therapy is a complex socially embedded agreement of what qualifies as an illness and a legitimate drug, including many parties and significant techno-scientific, economic, moral and political capital. Today, in late modernity and in the era of advanced techno-scientific capitalism – a period characterized by a vast inflow of venture capital in the life sciences – new drugs are always the outcome of complicated social negotiations and coalitions across organizational boundaries and between professions and interests.

In addition, Foucault (2008) suggests – a position further developed by Cooper (2008) more recently – that the regime of biopolitics and its various social practices have been co-evolving with liberalism and neo-liberalist thinking, representing a very skeptical attitude towards state-intervention and political governance. This new situation, accounted for in the literature (Rajan, 2006; Lakoff, 2006; Waldby and Mitchell, 2006; Rose, 2007), calls for new analytical frameworks that may help apprehending both the fluidity and porosity of the innovation system and the significant immutable effects produced when a multiplicity of resources are brought together in techno-scientific systems propelled by venture capital, commercial interest, and therapeutic possibilities. In the contemporary period, with late modernity characterized by what has been called the bioeconomy, researchers and media pundits expect the biopharmaceutical industry to play a significant role not only for the economy but also in terms of redefining life *per se*; life is no longer what is given but what is to be managed and monitored, thereby generating a number of pressing ethical concerns and practical choices and tradeoffs (Franklin and Roberts, 2006; Braidotti, 2008).

In this paper, the analytical framework developed by Gilbert Simondon (1980, 1992) will be applied when examining how illnesses and corresponding therapies are enacted and gain social legitimacy in terms of their mutual stabilization, or, in the vocabulary of Simondon, how they are *individuated* in a process of ontogenesis. In the 1950s and early 1960s, Simondon, a graduate student of Maurice Merleau-Ponty (Hansen, 2004, refers to Simondon as a ‘bio-phenomenologist’), developed a sophisticated analytical framework for understanding how both biological organisms and technological artifacts

or systems are capable of becoming part of metastable systems in what he calls the process of *transduction*.<sup>1</sup>

While the work of Simondon remains little explored in the Anglo-American intellectual tradition – one of his two main works are not available in English – the interest for Simondon has gained some momentum through the recognition of his work in Deleuze's writings, most notably in *A Thousand Plateaus*, the second part of the collaborative work of Deleuze and Félix Guattari. Simondon's work is of great value for innovation management and knowledge management theory because he is not foreclosing the nature of seemingly stable entities, such as a tool like an axe, or a technological system, such as a computer, but rather conceives of such 'entities' as temporarily stabilized agreements that may dissolve under new regimes of interpretation and practice. Using Simondon's analytical framework to examine the new drug development practices of the biotechnology and pharmaceutical industries helps us understand the dynamic and frail qualities of the nexus between illness and therapy.

As, for instance, the French philosopher of science, Georges Canguilhem (1991) – another prominent contemporary thinker in Simondon's proximity – suggests, the very concept of illness emerges from the very line of demarcation between the normal and the pathological. Illnesses are then techno-scientific agreements that help mobilize social action (Rabinow, 1992; Novas and Rose, 2000; Rose and Novas, 2005; Hacking, 2006), subject to continuous modifications and corrections, that at times become subjected to widespread disagreement and controversy (such recent examples include disputed illnesses such as 'The Chronic Fatigue Syndrome', 'Irritable Bowel Syndrome', and 'Fibromyalgia' [see Collins and Pinch, 2005], seeking what Lakoff [2008: 744] calls *disease specificity* – "illnesses are stable entities that exist outside of their embodiment in particular individuals and that can be explained in terms of specific causal mechanisms that are located within the sufferer's body"). Similarly, therapies aimed at responding to such epistemologically porous illnesses are in themselves subject to extensive disclosure and scientific, ethical, and political negotiations. Given these significant epistemological concerns, Simondon's analytical framework is of great value as a means of advancing a more process-oriented view of innovation management and knowledge management.

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1 The conceptual framework of Simondon is developed to address the individuation of biological and technical entities, that is, entities that are not by definition 'social', at least not exclusively so. The use of Simondon's bio-phenomenological vocabulary when examining innovation work and new drug development work, two inherently social activities, is therefore not uncomplicated. Simondon's work is aiming at making a contribution to the understanding of how 'metastability' is accomplished in processes of ontogenesis. This thinking of fluidity and change, a form of critique of what is integrated and determinate, has been emphasized in the social sciences as well, and in management studies such as within the framework advocated by Robert Cooper (1986, 2005, 2007a, 2007b). Using Simondon's framework does then not suggest that biological concepts or analytical frameworks are imposed onto social phenomena; it rather suggests a form of syncretism, a tolerance for or even appreciation of complementary and transdisciplinary analytical frameworks when discussing social practices such as innovation management. More specifically, Simondon's work is brought into the discussion as an implicit critique of the instrumental and linear mainstream theories of innovation management.

This paper is structured accordingly: First, the theoretical framework of Gilbert Simondon is discussed. Second, the emerging biotechnology and pharmaceutical industry is examined, and the concept of transduction is employed to explore the contingent and situated nature of illness. Finally, some theoretical and practical implications are drawn.

## Simondon and the Concept of Individuation: The Case of Pharmaceutical Reason in a Biocapital Framework

Although Simondon remains relatively obscure to the broader organization theory and management studies readership, as well as the social sciences more generally, there is a small but growing corpus of literature drawing on his thinking. It is common to divide his work into two separate yet mutually related works, that of his analysis of technological systems and biological organisms (Mackenzie, 2002). While some commentators emphasize the ‘biophilosophical’ strain in his thought (Lecourt, 1998; Beistegui, 2005; Chabot, 2005; Harvey, Popowski and Sullivan, 2008), other use Simondon to inform technology and media studies (Hansen, 2006; Mackenzie, 2005; Dodge and Kitchin, 2005) or information theory and communication studies (Terranova, 2004).

What unifies these two bodies of work is what Simondon calls *individuation*. For Simondon, one must not assume that the individual is the starting point for an analysis of individuation; on the contrary, one must understand how the individual is the outcome of a *process of individuation*, that is, the ‘ontogenetic’ process wherein the individual is constituted *qua* individual, i.e., as a freestanding individual entity (Simondon, 1992: 300). For Simondon, the individual is a *temporal stabilization*, a *metastability*, accomplished on basis of the information available in the system within which individuation is taking place. Such a system is never in “stable equilibrium and rest” (Simondon, 1992: 302) but is continually reshaped and restructured on the basis of information and signals from the environment wherein the individual is located. Simondon also argues that the ‘living system’ (when speaking of biological organisms) is capable of ‘individuating itself’, that is, it operates on the basis of what Maturana and Varela (1980) much later would call *autopoiesis*:

The living entity is both the agent and the theater of individuation: its becoming represents a permanent individuation or rather *a series of approaches to individuation* progressing from one state of metastability to another. The individual is thus no longer either a substance or a simple part of the collectivity. The collective unit provides the resolution of the individual problematic, which means that the basis of the collective reality already forms a part of the individual in the form of the preindividual reality, which remains associated with the individual reality. (Simondon, 1992: 307)

For Simondon, there is always a dynamic relationship between what he calls the ‘pre-individual’ and what is individuated. A being does not possess a stable ‘unity or identity’ prior to the individuation but instead becomes individuated as a *transductive unity*. The concept of transduction, a central term in Simondon’s thinking, and perhaps the most complicated term, is used in the life sciences to denote how DNA can be transferred

from bacteria to a cell. In addition, the concept of *signal transduction* denotes the process where energy is transformed from one form into another, e.g., from electric energy to chemical energy in a biological system. In Simondon's framework, the term is used to "denote a process – be it physical, biological, mental or social – in which an activity gradually sets itself in motion, propagating within a given area, through the structuration of the different zones of the area of the area over which it operates" (Simondon, 1992: 313).

This is a complex formulation not easily understood, but Simondon suggests that transduction is the process in which the pre-individual state of the being is gradually transformed into a metastable position qua individual. For instance, a biological organism is responding to changes in the physical environment and seeks to optimize its chances for long time survival in a given situation. When changes occur in the environment, e.g., a change in climate or the presence of competing species, the organism seeks to respond to such changes in its own interests in as favourable a manner as possible. The accumulated responses to the available information in the biotope constitute the transductive process and the organism becomes individuated en route. "The transductive process", Simondon (1992: 313), argues,

is thus an individuation in progress. Physically, it might be said to occur at its simplest in the forms of progressive iteration . . . Transduction occurs when there is activity, both structural and functional, which begins at a center of the being and extends itself in various directions from this center, as if multiple dimensions of being were expanding around the central point.

The concept of transduction thus lends itself to the analysis of "[a]ll of the different areas of individuation; it applies to all these cases where an individuation occurs and reveals the genesis of a network of relations based on the being", Simondon (1992: 313) suggests. For Simondon, this conceptual framework represents a radical break with Aristotelian hyle-morphism, which assumes that there is an innate potentiality in entities to be realized (Simondon, 1992: 316). In the transduction perspective, there is no assumption regarding essences or 'potentiality' but instead, to repeat, the individuation of organism or technological system are outcomes from responses and reiterations with the information and signals in the system – 'physical, biological, mental or social' – where a metastable, transductive unity, an individuation, is accomplished.

Simondon's arguments have been replicated and related to more recent contributions within technoscientific, philosophical and social science literatures. For instance, Terranova (2004), in discussing Simondon's work from an information theory perspective, argues that in his framework information has always, of necessity, material implications and ramifications, and therefore information is not strictly a matter of communication but of accommodation and response. Terranova (2004) here makes references to the much-debated Human Genome Project wherein the human genome was mapped in its entirety. The passage is worth citing at length:

As we know now, the DNA strings mapped out by the field of bioinformatics are not a form in the Platonic sense of an immaterial and transcendental Idea looking for some kind of female Substance on which to imprint its mark. The emergence of a living organism involves an active process of transduction, where information expresses simply the direction along which a living organism individuates itself through the expression of a tension or potential within the overall field. For Simondon, an understanding of informational dynamics actually offers the key to a

reconceptualization of the relation of form and matter in terms of mutual affection that always involves the power of an overall milieu . . . Information is always entangled with and dependent on a material milieu defined by its tensions and incompatibilities in a process that can only be described in terms of the different tendencies that it gives expression to. (Terranova, 2004: 68)

For Terranova (2004), Simondon is a resource in escaping from what Haraway (1997) has called ‘gene fetishism’, Rajan (2006) names ‘genomic fetishism’, and LeBreton (2004) dismisses as ‘gene fundamentalism’ (see also Griffith, 2001), the belief that the human genome is the ‘book of life’ from which one can decode the great and ultimate secrets of human being. Instead, with Simondon, the individuation of the biological organisms can never be, to use Whitehead’s (1925) term, simply located in the DNA code. Instead, as Hansen (2006: 85) says, Simondon develops “[a]n account of the human as a living being constitutively in excess of itself and necessarily endowed with a collective dimension”. Rather than conceiving the DNA code (or any other biological codes such as the production of proteins on basis of amino-acids) as what ultimately determines the organism, a form of Aristotelian hylemorphism *mutatis mutandis*, Simondon thinks of matter, with Chabot’s (2005: 106) metaphor, as a *theatre of individuation*. By this he means that matter is the scene of the creative process of individuation. Simondon’s most widely cited example is the transduction of crystals as a process of individuation, examined by Chabot (2005: 106):

This process happens in a *metastable* structure, which is a structure which is able to develop given certain temperature conditions. In this structure, a *germ*, or a shock, may start up a process of organization in that matter. Molecules gather themselves in geometrical order around this germ. Layer after layer, they form a crystal.

The contribution of Simondon lies in his insistence on formulating a general framework for how technologies or biological organisms are individuated in their active responses to and reiterations with environments. Working in a process thinking tradition represented by Henri Bergson and William James, but also incorporating the work of, for instance, Georges Canguilhem, Simondon provides a framework that emphasizes a process-based view of social, technological and biological entities. With a Simondonian lens, such ‘entities’ are never more than metastable accomplishments under the continual influence of new information and signals, a flow of events that may undermine the metastability of the transductive entity. In the next section, this theoretical framework will be used to examine how illnesses and drugs can be seen as transductive entities devoid of inherent stability but very much developed and enacted in tandem. What Simondon helps us to accomplish is to always conceive of the temporality and transient nature of social, technological and biological entities; time is always already inscribed and incorporated in the process of continual transduction.

## Pharmaceutical Reason and the Production of Illnesses

The roots of biotechnology stretch back to the Prussian court physicist Georg Ernst Stahl (1659-1734) – commonly held as one of the ‘founding fathers of chemistry’ besides Antoine Laurent de Lavoisier – whose publication *Zymotechnia Fundamentalis* (1697) introduced the concept of *Zymotechnology*, a scientific field examining all sorts of ‘industrial fermentation’, for instance the process of brewing beers (Bud, 1993). In



1828, the German chemist Friedrich Wöhler managed to synthesize urea, thereby further eroding the difference between natural and chemical, i.e., ‘artificial’, products (Bud, 1993: 10). In addition, the modern biotechnology discipline is often associated with Austrian physicist Erwin Schrödinger’s publication *What is life?* (1944) wherein he proposed that ‘code-scripts’ underlying all forms of life could be identified (Kay, 2000: 59). Eventually, from the 1970s and 1980s, biology, a rather recent scientific discipline (Keller, 2002), would take the place of physics as the dominant scientific discipline, very much in the same manner as physics displaced chemistry at the turn of the nineteenth century.

It would not be an exaggeration to claim that the emergence of the biotechnology industry in the 1970s and 1980s represents a major shift in focus in the world economy (Rajan 2006; Jong, 2006). This was spurred on by a series of techno-scientific ‘discoveries’ or innovations, starting arguably with Cohen and Boyer’s discovery and patenting of the recombinant DNA, also called ‘gene splicing’. Cohen and Boyer’s discovery, and Stanford’s subsequent patenting of the research results had a long series of social, cultural and economic consequences. For instance, it became possible to patent federally financed research findings in the U.S. after the U.S. Supreme Court made a historical 5-4 voting in favour of the patent proposal. Stanford’s attempt to patent Cohen and Boyer’s research finding was highly controversial. Cohen claimed himself that he had not “dreamed of the notion of patenting this” (cited in Smith Hughes, 2001: 548) and Cohen and Boyer were occasionally approached with hostility when they presented their research in seminars and at conferences during the seventies (Smith Hughes, 2001: 558). Boyer moved on to found Genentech, the first biotechnical company to be listed on the New York stock exchange and one of the most widely known biotechnical companies, holding patents in, for instance, artificial human insulin.

Another major thrust for the biotechnology industry was when the Polymerase Chain Reaction (PCR) was invented by the California based bio-technology firm Cetus, a discovery that was awarded a Nobel Prize (Rabinow, 1996). In addition, by the end of the 1980s, the Human Genome Project was initiated. By the end of the 1990s, a full cartography of the human genome was available for further exploration. Since the early 1970s, the biotechnology and the pharmaceutical industry have went through a series of radical economic, social, cultural and institutional changes all contributing to the emergence of a biotechnology industry. For instance, the major controversy regarding the ability of organizations and companies to patent biological species has been resolved – juridically not ethically – and today there is 2,000-3,000 types of genetically modified mice in the world (Braidotti, 2006: 101). The aggregate of biotechnology and pharmaceutical companies is today an important component of the contemporary capitalist system and what Appadurai (1996: 34) calls the global *technoscape*, a term denoting “the global configuration, also very fluid, of technology and the fact that technology, both high and low, both mechanical and informational, now moved at high speeds across various kinds of previously impervious boundaries” (see also Petryna, 2006).

Perhaps the single most important aspect today of this emerging biotechnological and pharmaceutical global techno-scape is the advancement of genomics, along with its consequences for turning the life sciences into *information sciences*, rather than

diagnostic/therapeutic sciences (Rajan, 2006: 3). Rajan argues that the idea that ‘life is information’ has been very much part of the central dogma of molecular biology where; “DNA gets *transcribed* into RNA, which gets *translated* into proteins – an algorithmic conception of life that has been prominent within molecular biology since at least the 1950s” (Rajan, 2006: 16). The difference today, Rajan (2006: 16; see also Kay, 2000: 61) emphasizes, is that genomics allows the *metaphor* of ‘life-as-information’ to become a “*material* reality that can be commodified”. Not only is it analytically helpful to conceive of life as strings of information but it is also practically and, above all, economically and politically feasible to adhere to such (with Foucault’s term) *practico-theoretical frameworks*.

For numerous writers, the concept of information is of central importance here. As Katherine Hayles (1999: 104) points out, already in the 1950s in his path-breaking *The Human use of Human Beings* (1954), Norbert Wiener, the founder of cybernetic theory, spoke of humans as being “[n]ot so much bone and blood, nerve and synapse, as they are patterns of organization”. Instead, over the course of the biological organism’s lifetime, it is the information contained in the cell that allows for a reproduction and replication of new cells and tissues. Thus, for Wiener, “[t]o understand humans, one needs to understand how the patterns of information they embody is created, organized, stored, and retrieved” (Hayles, 1999: 104). Hayles (1999: 13-14) herself speaks of *virtuality* whenever informational and material systems converge and intersect; the human body is, for instance, such a virtuality in Hayles’s understanding – always already both material and informational. However, not everyone agrees with Hayles that the concept of information is unproblematically related to the concept of materiality. For instance, Latour (1983: note 2, 243) says that “when you hold a piece of information you have the *form* of something without the thing itself” and Terranova (2004: 56), strictly adhering to Claude Shannon’s mathematical definition, suggests that “[i]nformation does not involve meaning but only statistical patterns of redundancy and frequency – a modulation of signal to noise”. Information is for Terranova what denotes a relationship between signal and non-signal – one may here recall Gregory Bateson’s (1972) frequently cited definition (used by for instance by Niklas Luhmann) as ‘a difference that makes a difference’ – and is in itself not meaningful.

However, notwithstanding the more conceptual intricacies being addressed in the literature, the ‘informatization’ of biotechnology and new drug development under new techniques such as pharmacogenomics and related screening techniques such as virtual screening and high-throughout screening (Eckert and Bajorath, 2007; Oprea, 2002; Walters, Stahl and Murcko, 1998) represents a turn in the industry. Rajan (2006) here speaks of the emergence of what he calls *biocapital* on basis of the new life sciences paradigm:

Biocapital is creating a series of cultural transformations in the materiality and exchangeability of what we call ‘life’. These transformations are created through shifting and variable use of market commodification versus public commons or public good formation, both of which are disciplined by new forms of capitalist logic, conforming neither to those of industrial capitalism nor to those of so-called postmodern information capitalism. This is the rationale for the term ‘biocapital’, which ask the question of how life gets redefined through the contradictory processes of commodification. (Rajan, 2006: 47)

For Rajan (2006), the bottom line of the emergence of the new body of biocapital is not the various uses of new technology or the new technoscientific theories or practices but that the very concept of life is put, with Derrida's (1976) formulation, 'under erasure' [*sous rature*]. Rather than conceiving of life and 'forms of life' (in the broadest sense of the term), bio-capital is reformulating life and deviances from what are regarded as 'proper' forms of life (e.g., illnesses, deformities or deviances that needs to be corrected, see Franklin and Roberts, 2006) in terms of what can be commodified. Rose (2007) sketches some of the changes over the last century brought by new, advanced medicine:

At the risk of simplification, one may say that the vital politics of the eighteenth and nineteenth centuries was a politics of health – of rates of birth and death, of diseases and epidemics, of the policing of water, sewage, foodstuffs, graveyards, and of the vitality of those agglomerated in towns and cities . . . [t]he vital politics of our own century looks quite different. It is neither delimited by the poles of illness and death, nor focused on eliminating pathology to protect the destiny of the nation. Rather, it is concerned with our growing capacities to control, manage, engineer, reshape, and modulate the very vital capacities of human beings as living creatures. It is, I suggest, a politics of life itself. (Rose, 2007: 3)

For Rajan (2006), Rose (2007) and other students of the global biotechnology and pharmaceutical industry such as Lakoff (2006), this is an overturning of the conventional causality enacted in scientific medicine where illnesses precede their therapies. In a Foucaultian perspective, discursive formations produce material consequences; discourses on madness produce psychiatric wardens, discourses on penal practices lead to the establishment of new penitentiary practices and institutions. In the discourse on the opportunities and possibilities emerging from new biotechnology and new pharmaceutical practices, new materializations are provided. In his detailed account of how the Argentinean psychoanalytic community, the '*mundo psi*' in Buenos Aires, resists new forms of psychopharmacological drugs developed by a French company aimed at treating so-called bipolar disorder, Lakoff (2006) suggests that the causality diagnosis-treatment at the core of the medical profession and practice is overturned and displaced by a new causality advanced by what he calls 'pharmaceutical reason':

Illness comes gradually to be defined in terms to what it 'responds'. The goal of linking drug directly to diagnosis draws together a variety of projects among professionals, researchers and administrators to craft new techniques of representation and intervention. These projects range from diagnostic standardization and the generalization of clinical protocols to drug development and molecular genetics. This constellation of heterogeneous elements is joined together by as strategic logic I call 'pharmaceutical reason'. The term 'pharmaceutical reason' refers to the underlying rationale of drug intervention in the new biomedical psychiatry: that targeted drug treatment will restore the subject to a normal condition of cognition, affect, or volition. (Lakoff, 2006: 7)

Under the regime of pharmaceutical reason, the bipolar disorder patient (or any other patient suffering from psychological illness) is subjected to what Clarke *et al* (2003) call *biomedicalization*, and others have called *medicalization* (e.g., Conrad, 2007), located in a network of practices, ideologies, and beliefs that (1) strongly emphasize the need to correct the patient's behaviour or condition, and (2) offers primarily (but not exclusively) pharmacological therapies (i.e., marketable commodities) to accomplish this objective. In Argentina, Lakoff (2006) found the community of psychoanalysts, in

many cases trained in Lacanian psychoanalytical practice and following an anti-capitalist credo, resisted this bio-medicalization tendency. There was thus a clash of cultures between, on the one hand, the traditional psychoanalytical procedures and practices and the new, emerging techno-scientific medicine provided by multinational pharmaceutical companies. Lakoff (2006: 174) concludes: “In a world of gene-chip-based diagnostic test in the clinic, the broad categories that govern psychiatric practice might be broken down in terms of medical response, so that diagnostic questions would appear no longer as – ‘is it bipolar disorder or schizophrenia?’ – but ‘is it lithium or an olanzapine response profile?’”.

What Lakoff (2006) suggests here is that there is no longer – if that was ever the case – a prerogative of (academic) scientific medicine being given the prerogative to define and establish taxonomies of illnesses and etiologies, from which the pharmaceutical companies could later select targets for their new drug development practices. Instead, the line of demarcation between pure and applied medicine and theoretical and commercial interests no longer fully applies (Fujimura, 1996). Today, Lakoff (2006) suggests, the ‘scientization’ and ‘biomedicalization’ of psychiatry is totally complicit with drug-disease co-production; the scientific objectives are increasingly subsumed under economic and practical (i.e., therapeutic) interests.

One relevant indication of this bundling of science and commercial interest is the growth of ghost-written scientific papers where credible scientists endorse a certain therapy and sign journal papers that have been prepared by professional public relations agencies (Healy, 2006). “[G]hostwriting”, Healy (2006: 72) contends, “is no longer occurring only in peripheral journals and affecting only review articles. It happens in the most prestigious journals in therapeutics, and it probably happens preferentially for papers reporting randomized trials and other data-driven papers”. Under the new regime of bio-capital (Rajan, 2006) and the influence of pharmacological reason (Lakoff, 2006), illnesses and therapies are therefore inextricably linked and related, enmeshed in textures of relation that defies any linear causality; illnesses and therapies are instead *co-produced* (Jasanoff, 2004):

Science, in the co-productionist framework, is understood as neither the simple reflections of the truth about nature nor an epiphenomenon of social and political interests. Rather, co-production is symmetrical in that it calls attention to the social dimensions of cognitive commitments and understandings, while at the same time underscoring the epistemic and material correlates of social formation. Co-production can therefore be seen as a critique of the realist ideology that persistently separates the domain of nature, facts, objectivity, reason and policy from those of culture, values, subjectivity, emotions and politics. (Jasanoff, 2004: 3)

Another way to express the idea of co-production and the general emphasis on intricate relations between illness and therapy is to adhere to the theoretical framework advocated by Simondon (1992). In this view, an illness is not what is constituted in terms of its unique and clearly bounded and diagnosable features and sealed off from alternative explanations, it is instead what achieves its status as an individual illness in terms of its very relationship between a series of forces or flows of information in the milieu in which it is diagnosed and defined. While illness has historically been constituted *qua* metastable transductive unities not solely on basis of academic scientific medicine but also in connection with commercial and political interests, in the

new regime of bio-capital, and under the influence of pharmaceutical reason, there are new forms of informational entities produced under the influence of Big Pharma and the competitive strategies of the various actors. Terms such as the tissue economy (Waldby and Mitchell, 2006), the geneticization of illnesses (Shostak and Conrad, 2008), and bio-value (Waldby, 2002) are indicative of a new regime of bio-capital is on its way, effectively rendering domains of reproduction as scientifically and financially lucrative domains (Almeling, 2007; Franklin and Roberts, 2006; Waldby and Cooper, 2007). The emerging stem cell research program is another domain that is regarded as being of major importance for the bio-economy in the coming decades (Rubin, 2008; Brown and Kraft, 2006; Franklin, 2005) and in general, the bio-pharmaceutical advancement is rendering a variety of tissues commodities to be explored, bought and sold (Almeling, 2007; Calvert, 2007; Sharp, 2000).

The entire field of pharmaco-genomics emerging over the last few years is producing vast amounts of information – Thacker (2006: 128) is talking about a ‘tsunami of data’ being generated – that in various ways helps shape the conception of what an illness is. For instance, Rajan (2006: 43) points at the ‘pervasive rhetoric’ surrounding the emergence of pharmaco-genomics and emphasizes that the rapid generation of information is “[a]lmost one of breathlessness, conveying a sense of being overwhelmed with a huge amount of (presumably) valuable data that is virtually impossible to keep up with”. A lingering concern that one is not capable of scanning and examining all the information provided, thereby running the risk of missing some extremely valuable pieces of information in the vast haystack of data, is endemic in the pharmaceutical industry (Styhre, 2008). In the new regime of bio-capital, substantial resources are being spent on technology, equipment, and training in order to master the new tools of pharmaco-genomics. While critics point at relatively modest output in terms of innovative new registered drugs (Angell, 2004), the whole assemblage of technologies, practices, and theories constituting the pharmaco-genomic ‘research program’ (to use Lakatos’s, 1970, apt phrase), is, in a Simondonian perspective, what is plays a key role in individuating the specific new metastable transductive unities that we refer to as illnesses.

The pharmaco-genomic assemblage is then not only capable of identifying genetic sequences (so called SNPs, *single nucleotide polymorphisms*) postulated to be underlying various illnesses but is also, in the transduction perspective, capable of *producing* illnesses. Just like solutions may search for problems in a so-called garbage decision-making process (March and Olsen, 1976), a SNPs may seek an illness, to gain scientific legitimacy and, ultimately, commercial interest. In the transduction framework, the individuation of an illness is no longer strictly a matter of a fixed etiology and a stable set of symptoms, but is also influenced by the kinds of solutions that are offered. Thus, in the case of Lakoff’s (2006) study, bipolar disorder is no longer a self-enclosed set of experiences and symptoms but gradually converges towards the kinds of therapies that are offered. In a transduction perspective, the individuation of an illness, that is, its inscription into a bio-medicalized framework regulating what is perceived as normal or pathological, is the accomplishment of a meta-stable transductive unity capable of responding to all the information provided in the framework. Expressed differently, there is no longer strictly an inside and an outside, an

illness and its prescribed therapy, rather the illness and the therapy Are co-produced in a process that follows the principles for transduction outlaid by Gilbert Simondon (1992).

## Discussion

Under the emerging regime of bio-capital, governed by pharmaceutical reason, the concept of life and what qualities of life to expect and demand are no longer anchored in theological credo but become a matter of techno-scientific practices and accomplishments. Biotechnology and pharmaceutical companies are increasingly capable of producing drugs that in various ways enhance the longevity and vitality of the human organism but the production of such new offerings are accompanied by a series of technical, political, ethical, political, and practical concerns and considerations. In the regime of bio-capital and pharmaceutical reason, there is not – if ever there was – a distinction between the ‘inside of the laboratory’ and the outside world of politics and markets; the techno-scientific new drug development work is structured in a Moebius-strip-like organization where inside and outside are no longer conceivable.

Drawing on the work of Gilbert Simondon (1992), conceiving of equally technological artifacts and biological organisms as being metastable transductive unities, rendered ‘ontologically stable’ on basis of their capacity to respond to the flow of information in their environment, illnesses and their therapies are no longer strictly separated but the boundaries between them become increasingly blurred. This conception of techno-scientific work and, in its implication; innovation and knowledge management work engaging in the production of informational objects (Schultze, 2000), suggests that there is a need for rethinking some of the basic assumptions regarding the nature of innovation work. For instance, in a recent paper, Deborah Dougherty (2007) argues that most pharmaceutical companies have invested billions into what she calls ‘megatechnologies’ such as rational drug design, high-throughput screening, combinatorial chemistry, imaging technologies and genomics. In other words, new drug development has been considered primarily a ‘technological problem’: “bring in more machinery, devices, automation, assays and other scale-ups to do more things faster” (Dougherty, 2007: 266). However, Dougherty (2007) believes that this ‘techno-hype’ limits knowledge and innovation management by “glossing over the differences between technology versus science, blinding us to the fact of technology’s blind search, and blackboxing the nature of knowledge involved” (Dougherty, 2007: 266).

Rather than continuing along this technological pathway to accomplish what biotechnological and pharmaceutical companies regularly claim they are capable of accomplishing, Dougherty (2007) suggests that there is a need for thinking of new drug development as the production of ‘non-decomposable’ epistemic objects, that is, each active compound has a complex and intricate relationship with the biological system in which it operates and therefore there are little opportunities for reducing these relations to the level of singular cause-effect relations (Dougherty, 2007: 270). Dougherty (2007) thus advocates a process-oriented view of new drug development. Although Dougherty (2007) is pointing at a series of practical problems facing the biotechnical and pharmaceutical industries and a set of epistemological and methodological issues

pertaining to innovation and knowledge management studies, the process-orientation that is advocated needs to be anchored in a proper theoretical framework acknowledging the complexities and contingencies of new drug development process and its relationship to selected targets (i.e., illnesses and their ‘indications’).

Following Simondon’s (1992) meta-theoretical framework, applicable within the practical research work reported by both science and technology studies scholars engaging in laboratory studies (e.g., Knorr Cetina, 1981, 1999; Fujimura, 1996; Rheinberger, 1997) and anthropological studies of the increasingly important field of biocapitalist enterprises (Rabinow, 1996; Rajan, 2006; Lakoff, 2006), may enable a broader understanding of how both illnesses and therapies are metastable transductive entities that are always open-ended and contingent upon the flows of information in their environment. In other words, the contribution of Simondon (1992) to the growing research interest in the production of informational objects in the biotechnology and pharmaceutical industries lies in the ability to overcome established epistemological dualities without entirely abolishing them; such dualities are not ontologically stable but are produced en route in the transductive process. Moreover, Simondon is offering an analytical framework that reaffirms the concept of what Duns Scotus calls a *haecceity*, the unique ‘thisness’ (Lynch, 1993: 283) of an object such as an illness (see also Deleuze and Guattari, 1988). In Simondon’s (1992) view, a *haecceity* is what is individuated in a transductive process. Both illness and their corresponding drugs are *haecceities* that have their individual features but their ‘thisness’ is always already transient and dependent on contingencies and situations. Ultimately, Simondon helps us restore ontology and epistemology in technoscience studies and innovation and knowledge management work through the overcoming of a conceiving of ontology as “static, fixed, composed of universal principles or ideals, indifferent to history, particularity, or change” (Grosz, 2005: 5). Instead, when examining the industries and social practices engaging with life per se, there is a need for thinking of life not in such static terms but as being “[a] mode of self-organization that overcomes itself, diverges from itself, evolves into something different over time” (Grosz, 2005: 8). Perhaps these alternative theoretical perspectives are capable of accomplishing a shift in focus that will offer new perspectives on the concerns addressed by Dougherty (2007).

This paper has contributed to the literature on innovation management, organization learning, and knowledge management, and the emerging literature on the biotechnology and pharmaceutical industries, though its emphasis on enacting alternative and ultimately more productive ways of conceiving how new product offerings are produced under the regime of bio-capital and the influence of pharmaceutical reason. Rather than seeing illness and therapies as separated by an iron curtain of technoscientific procedures of proof and fact-making, the relationship between illness and prescribed therapies are more closely connected and entangled. In order to theorize this intricate relationship, Simondon’s (1992) thinking of transduction has been examined and related to relevant literature.

## Conclusion

The biotechnology and pharmaceutical industries are often referred to as what will possibly play the same role for twentieth-first century capitalism as the manufacturing and especially automotive industry played for the twentieth century. So far, the Henry Fords and Alfred Sloans of the bio-capitalist regime of accumulation have not been crystallized even though major scientists and entrepreneurs such as Herbert W. Boyer of UCSF and co-founder of Genentech may be qualified candidates (Jong, 2006; Shapin, 2008). Being able to understand the dynamics and work procedures of these emerging industries demands, as for instance Barley and Kunda (2001: 86) point out, a new set of concepts capable of apprehending the new mode of working, thinking, and speaking. What is at the centre of the new biocapitalist regime is not only technoscientific ideologies and institutions, organizational standard operation procedures, commodities and services, but in fact the question of *life itself*; biotechnology and pharmaceutical firms operate on basis of what may prove to be the ultimate matter of biological organisms (cell lines, DNA studies, SNPS, proteins, amino-acids, and so forth) and their product offerings are intimately related to advanced techno-scientific expertise in this quickly expanding domain. Therefore, there is a need for establishing theoretical frameworks and research methodologies capable of capturing the changes and movements in this alleged defining industry of the century. To bring the thinking of Gilbert Simondon may be one such approach that may prove viable for empirical studies.

This paper aims at making a contribution to innovation management literature, and more specifically, the innovation management literature that addresses science-based innovation. Instead of assuming that innovation is a linear and instrumental process wherein some product of service is produced, some domains of innovation are better understood through analytical frameworks that can tolerate or even be affirmative of fluidity and changes. From Simondon we learn that entities, be they biological, technological, or social in nature, are always no more than metastable instances, transductive entities, in a process of ontogenesis. Recognizing the value of such analytical perspective is potentially helping to understand the nature of innovation work in the emerging bio-economy wherein scientific theories, technological apparatuses and equipment, and biological tissues are the operative resources that will possibly produce great wealth and new opportunities for mankind.

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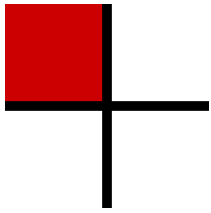
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## Philosophy in the Boudoir and the Streets: An Interview with Simon Critchley

Simon Critchley and Carl Cederström

When I recently asked Simon Critchley in a TV-show how he ended up as a philosopher he laconically proclaimed: ‘failure’. He claimed to have failed not only as a musician and a poet, but also as a political activist.<sup>1</sup>

If failure was the way into philosophy for Simon Critchley, then philosophy seems to have been the way into success. His many books have attracted much attention and, as all philosophical works worth their name, stirred quite some controversy: from deep resentment in some corners, to pulsating admiration in others. Either way, he has covered a wide range of themes, including humour, ethics, poetry, film, literature, deconstruction and death. He has led a rather wandering life, having lived in a number of non-exotic western-European countries. For a few years now, however, Simon Critchley is comfortably settled into New York, recently married, and is the holder of a chair in philosophy at the New School for Social Research.

I met Simon Critchley at a club in Soho last summer. He had arranged a very elegant room for the interview. It was splendid. With silk cushions spread over the floor, and lit candelabras lined up along the walls, it reminded me of a boudoir, perfectly suitable for half-concealed indecencies. However, half-way through the interview, a man and a woman, both rather tipsy, entered the room. They threw themselves on the divan, quite arrogantly, and asked if we were doing some drugs (I suppose two grown-up men sitting with crossed-legs on the floor in a boudoir might evoke such an idea). Politely, yet irritatingly, we ignored them; then, when we realized they wouldn’t leave us alone, we left, like two passive-aggressive cowards with dismantled self-esteem, and went out on the street. We finished the interview – which appropriately touched on issues of courage and comedy – in one of those desolate Indian restaurants with blinking fluorescent lamps. Of course, none of us mentioned the fact that we had acted as humorless cowards back at the club. Why would we? Instead we spoke of humour, politics and philosophy, Simon’s recent controversy with Slavoj Žižek, and whether a corporation can be ethical. It was, all in all, a splendid night!

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<sup>1</sup> The philosophy show, which was broadcasted in Sweden early 2008, can be watched at: [http://viastream.player.mtgnewmedia.se/inner.php?TvSkin=tv8\\_se&PKCatID=1950](http://viastream.player.mtgnewmedia.se/inner.php?TvSkin=tv8_se&PKCatID=1950)

*Carl Cederström:* You have said that philosophy begins in disappointment, not wonder. But a common way into philosophy seems to go through reading, say, Albert Camus, Hermann Hesse, Jean-Paul Sartre or Bertrand Russell – authors who often generate a sense of youthful wonder; or, better, trigger a sense of wondrous alienation, where the reader can identify with the image of the rebel or the outsider, images which seem particularly appealing to confused adolescents.

*Simon Critchley:* Well, for me philosophy begins in disappointment. But youth and disappointment, I think, are not incompatible. You could actually say that philosophy is an experience of youth: both biographically, as a time in one's life, and philosophically, that there is something exhilarating in the discovery of the new. For me it was the experience of something being stripped away, that things – like morality, religion, politics, ideology, and the rest – are *not* the way you've been told they are. It is an experience, an exhilarating experience, of disillusionment. So philosophy is this excitement, not with an experience of wonder with regard to what is, but an excitement and exhilaration with regard to what isn't. Disappointment and excitement are, in this sense, two sides of the same coin. There's something enormously exciting about being disappointed, something enormously exhilarating about being disillusioned. And that is also, as you say in your question, an experience of rebellion.

*CC:* Let us swiftly turn to politics, an important theme in your work. You have said that a characteristic response to today's politics is a passive withdrawal from the world. How would you like to define, or diagnose, the present political situation?

*SC:* I have at least three political categories for thinking of the present situation: military neo-liberalism, neo-Leninism and neo-anarchism. Among these three I think that military neo-liberalism is what best characterizes the state of the western world. At the heart of this category is the idea of a unification of neo-liberal economics with a certain universalization of democracy and human rights talk, which is backed up with military force. So the situation we're in is one where other regimes have to accept the logic of capitalism, accept the ideology of democracy and human rights – and if they don't accept that, they're going to be bombed. That's the logic of military neo-liberalism. So the world is in a state of permanent war, in a state of chaos. In the face of a world that is blowing itself to pieces, where, as Dostoevsky says, 'blood is being spilt in the merriest ways, as if it were champagne', it is tempting to withdraw, make yourself into an island, close your eyes and pretend as if nothing bad goes on. This response, which is both plausible and coherent, but which I like to refuse, is what I call passive nihilism.

*CC:* But the opposite response, to actively engage in politics: dutifully go to the voting booth and to publicly express your opinions, couldn't that also be a way of distancing yourself? At least this is what Žižek claims in his book *On Violence*, 'that sometimes, doing nothing is the most violent thing you could do'.

*SC:* I'm simply not in agreement with Žižek here. His argument is that in a world defined by systemic violence – actual violence, as well as symbolic violence – one needs to step back, reflect and wait. For me, this is the obsessional neurotic position, and that's why I have called Žižek, in the response I wrote for Harper's Magazine, 'The Slovenian Hamlet'. Hamlet lives in a world defined by violence, where the time is out

of joint, where one's father is killed illegitimately, and where the order of kings and social hierarchies has broken down, and as a result Hamlet cannot act. He dreams of an act of vengeance, of which he lacks the courage, and ends up doing nothing. In Žižek you also find this horror of the immediacy of action. He will say things like: I have a hat but I don't have a rabbit. I think that's overly pessimistic although I can understand the diagnosis. What interests *me* are forms of resistance, which takes into account the situation we're in, but doesn't stop there, but goes on and tries to act in new imaginative ways. This is where neo-anarchism comes in: as the articulation of the possibility of new forms of coalitions, new chains of equivalence; and in that regard, unlike Žižek, I'm not dismissive of anti-capitalist movements of resistance and protest.

CC: This leads us to what seems to be Žižek's main critique against your work: that the forms of resistance you advocate, forms of resistance that retain a distance to the state, are futile.

SC: Yes. The argument that Žižek makes against me is that these demands are powerless – that they don't change anything. He's right and he's wrong. In a way, all forms of resistance are powerless. You could even say that the history of political resistance is one long history of failure. The student protest in Paris, 1968, was a failure: the events took place in May, and already on June 23 1968, De Gaulle was elected back into power. And the list of failures goes on. What we should remember is that the effects of resistance are often experienced retrospectively. I think that to judge political resistance by the standards of its effectiveness, at the level of political power by occupying the terrain of the state, is a delusion – a Leninist delusion. The argument here is really an argument of state power vs. no power. For Žižek resistance is futile; resistance is surrender. We have to occupy the terrain of the state – which is also the argument that Lenin makes in *The State and Revolution*. This is Lenin's critique of the anarchists: that the anarchists are unrealistic and bourgeois; that they lack the courage and ruthlessness to accept the cruelty of political reality. So what has to be done, according to Lenin, is occupying the state such that it eventually withers away. The obvious historical objection is that this never happened. Instead, the Bolshevik revolution led to the most grotesque elevation of the state, in the form of the Soviet Union, and to human disasters. So it could be said that the debate between Žižek and myself is really a debate between Lenin and anarchism, or between Marx and Bakunin. Bakunin, in his critique in the 1870s, calls Marx a crypto-Bismarckian. He says that secretly, what Marxists want at all costs, is state power. I, contrary to Lenin and Žižek, argue for politics as the hegemonic articulation of an interstitial distance from state power, that cannot simply be judged by whether power has been taken or not. And with regard to the other issue – whether capitalism is here to stay or not – I think Žižek accepts that. I also accept it, but in a much more melancholic spirit. Who knows, but with the current global economic crisis, perhaps a certain model of capitalism is coming to an end. Perhaps we are living through the beginning of the end.

CC: An important addition to this formula is comedy, more precisely how humour opens up new ways of resistance. How does your notion of the 'comic subject of politics' differ from 'classical subjects of politics'?

SC: The classical subject of politics is a virile, active, autarchic, sovereign subject – a subject that *can*; a subject that is able to *act*. For me that goes together with a certain lack of humour, whether that is Bush or Bin Laden. They are both active virile political subjects, in some sort of bloody contest. What interests me about comedy as a form of resistance, is that comedy is the performance of powerlessness. The comic subject doesn't assume it has power, doesn't assume its virility. It performs its powerlessness, in acts of non-violent warfare – it is the power of the powerless.

So classical forms of the political subject are capable of acting; they are virile, they are potent and they are humourless. But most importantly they are justified in what they do. What interests me is to think of a political subjectivity that would find itself inescapably involved in acts which cannot be justified. I've been doing some work recently on Benjamin's critique of violence and there's a fascinating argument in Benjamin where he says that 'law is violence, politics is violence, but does violence exhaust the political field?' No, there's a guideline of non-violence which to him is expressed in the biblical prohibition of murder: 'thou shall not kill'. The situation in which that prohibition arises is a situation of violence: I know I cannot kill and yet I'm in a situation where I have to kill. The violence that I perpetrate is necessary but not justified. To think about an idea of politics based upon a non-justifiable sphere of violence, is fascinating. This is similar to Judith Butler's claim about mourning. The classical political subject doesn't want to mourn, but to act. After 9/11, there were 11 days of mourning. Then mourning was declared to be over and it was time for action. The question that Judith Butler asks, which I find enormously interesting, is how a politics of grief and mourning would look like – a politics based around the powerlessness of grief and mourning. For me that's similar to the structure of the superego II and the comic subject.

CC: At the same time it has become increasingly popular among politicians to either mock themselves, or happily subject themselves to mockery. Take Stephen Colbert's talk at the White House Correspondent's Dinner, for example, where he scornfully delivered jokes at Bush's expense. Would this be an example of a powerful critique directed against the Bush administration or, on the contrary, a type of humour which is easily co-opted and turned into something positive for the Bush campaign?

SC: I think Stephen Colbert's mocking of Bush was a classic example of political satire, and a very powerful satire. It was nicely painful. I thought to myself, when I saw it, that this is a courageous act, this is a powerful thing. But sure, it could be co-opted. Political leaders can use humour in all sorts of ways. We should always remember that humour is radically situational and contextual. It can always be re-described in toothless ways.

CC: Let us stay with the relation between humour and co-optation a little longer. In the world of business organizations there seems to be an obsession with having fun, being happy and to be a bit on the crazy side. We see this in many organizations, of which Google is probably the most conspicuous. Employees, it seems, become obliged to participate in silly activities or whatever the organization find humorous. Does this pre-empt the possibility of powerfully using humour as a form of resistance?

SC: I actually gave a talk at Google recently, part of their authors@google program. They wanted me to speak of humour, so I went there and dutifully gave my views on



humour. Of course that's a classic strategy of co-optation. But I gave an example there, which is from my book *On Humour*, concerning the way in which corporations deal with humour. The example is from a hotel in Atlanta, where I was staying. When having breakfast one morning I saw a group of employees in one of these huge rooms, this sort of windowless suite you'll find in American hotels. They were engaging in structured fun: playing kick-ball, ping-pong, frisbee, whatever – you know, these forms of fun and humour which are being used in order to build up the morale amongst the employees. In this way, humour becomes a form of compulsory happiness – it becomes a *strategy* that organizations use to impose a compulsory happiness. If you don't go along with the structured fun, you're no fun, you're a party-pooper. So in that sense humour can be used by organizations as a form of coercion. When I was in the Google office you got people running around on scooters. They also got a vast recreation room with ping-pong and plastic balls, where you could exercise and have fun with your colleagues. This means that the line between work and play becomes increasingly difficult to draw, which by extension means that work never ceases – that play becomes another form of work, structured fun becomes a way in which the corporation regulates and organizes the behaviour of its employees. To that extent I think humour is extremely dangerous.

To go back to the example in Atlanta: after having watched the people engaging in structured fun, I met a number of them outside, smoking cigarettes and talking to each other. I asked if they were really free to refuse to take part of this or not. And they said that they were free to refuse but they would have been seen as bad employees or party-poopers. So they weren't really given a choice as to whether they wanted to be involved or not. But while smoking, they started to engage in a series of small jokes, talking about what a shit the manager who was organizing this was, and so on and so forth. So by standing there, smoking and telling obscene jokes, they created a non-organizational outside space, where they could be themselves.

So humour works in two ways in organizations. On the one hand it can be a coercive mechanism for producing false harmony amongst the workforce. But on the other hand, the informal circulation of humour, which occurs particularly through dirty obscene humour, can never be controlled. When I was working in factories in the late 70s, that's the way humour worked: really disgusting jokes, such as photocopied sheets of paper with vast sexual organs penetrating the secretary of the boss or the boss himself. So humour is about regulation but can still, informally, have a subversive potential. What we have seen though, in the last 20-30 years, is the use of humour consultants which study organizations in order to improve their spirit of ethos, and this I find oppressive.

CC: But could we think of something like an Ethical corporation, where the use of, say, humour could have a subversive effect?

SC: Can corporations be Ethical? I'm not sure. I would say that if they can, it is with great difficulty. Corporations, by definition, incorporate. The corporation is a sort of vast body, which you have to be part of. From a political perspective, the corporation is a totalitarian structure by necessity. Moments of Ethics would occur in those moments of obscene informal contact, when people say what they really think. But the flipside of subversion is recuperation. This lesson comes from the Situationists. Strategies of

subversion, or what the Situationists call ‘détournement’, are always recuperable. And again, subversion in humour is radically context specific. Certain jokes, at certain times, will subvert the situation. But that same joke can be employed by the organization, and turned into something positive, even an appetizer. There is this example with people complaining that Stella Artois beer was too expensive. What they, Stella Artois, did was that they internalised the criticism and turned it into their selling point, reassuring in their slogan that their beer was expensive. This is a common strategy by which a critique becomes recuperated as an organizational appetizer slogan. I think it’s always like that. The limit of subversion, or the place at which subversion can take place, is constantly moving. New forms of humour are powerful only for a brief period of time, after which they can be deployed by the very forces they were originally set out to laugh at. I think this is true of every form of humour. What that means is not that humour is useless, but that in any organizational framework there will be new forms of informal subversive wit, usually centred around obscenity. Obscenity is interesting because there might be a limit to the obscene which might not be recuperable. The obscene is an interesting category.

CC: When we’re already speaking of obscenity, let me ask you something about your relation to Lacanian psychoanalysis, a relation which seems to be rather ambiguous. In *Infinitely Demanding* you criticize Lacan and Lacanians for having distorted the picture of human finitude by making the subject too heroic, too authentic.

SC: Yes, my relation to Lacan is ambiguous. In *Infinitely Demanding* and *Ethics, Politics and Subjectivity* I claim that Lacan is heir to a tragic heroic paradigm that begins with German idealism. My main disagreement with Lacan, and the tragic paradigm as a whole, concerns a supposed link between heroism and authenticity. This comes particularly out of my critique of Heidegger. What Heidegger is up to in *Being and Time* – at least this is my understanding – is that you must choose your hero: either you choose *das Man*, the inauthentic life, or you choose yourself – the point being that you have to choose yourself as your hero in order to be authentic. So my main critique of Lacan boils down to a critique of linking authenticity with heroism, and I believe that argument has some plausibility. Badiou, however, has made an interesting response to this argument. He says that we could speak of a heroism of the void: a heroism which is not a heroism of authenticity, but a heroism of the divided subject. This means that heroism, rather than being the completion of the subject in authenticity, becomes the name of the evisceration of the subject in the face of an uncontrollable Event.

CC: But this is a reading which mainly concerns *Seminar VII*, and not so much the later Lacan, where the heroic subject is no longer based on an idea of pure desire?

SC: There are of course other aspects of Lacan – there are other Lacans, as it were – and in this regard I am happy to accept that my critique has its limitations. When I’m being defensive, I say that I’m just talking about *Seminar VII* – which is also what Žižek calls the heroic moment in Lacan’s teaching, appearing in the late 1950s. In Lacan’s later work it is clear that something else happens. In *Ethics Politics and Subjectivity*, I say that there is this tragic heroic moment, but that there is also a moment of comedy. Lacan’s genius in that seminar is to focus on the mute figure of Harpo Marx, as an image of the dusting of the Thing. The play of jokes and the comedy of the Marx

brothers, I would say, is also an articulation of the relation to the ethical subject and the real.

I'm thinking now of doing some work on psychosis. The idea is that there seems to be a relation between psychosis and mysticism. The mystic tries to empty itself, annihilate itself, in order to be filled with divine love. So the mystic achieves that glorification of his subjectivity through touching the divine. The material body is important here because it is through the wounding, or the marking, of the body that the psychotic tries to communicate, and become unified, with god. We find exactly the same structure in the psychosis of Schreber, or, indeed, in the psychotic patients I've come across. The material body becomes a body that is only completed in relation to the divine. In a sense the psychotic cannot complete their own body image without it.

CC: Are there any particular philosophers who would symbolise this form of mystical psychosis?

SC: The philosopher who comes to mind as the classic psychotic would be Spinoza. In Spinoza you have the idea that through the use of reason one attains an intellectual understanding of the divine, of plenitude of nature. This is what he calls 'beatitude'. The structure we find in both mysticism and psychosis – the unification of the glorified body with the divine – can also be found in certain philosophical systems, driven by that same fantasy of unifying the human with the divine. You could find that, as already mentioned, in Spinoza. You can find that in the hermetic tradition, with people like Giordano Bruno. You can also find that in Simone Weil, who was emptying out her body, physically, by self-starvation. She dies an anorexic death: starving herself to death, at the same point reaching a communion with god, which is a form of divinization of the self.

CC: Speaking of death, there's a growing interest in transhumanist studies and other related fields where increased longevity and, ultimately, immortality is conceived not only as desirable but possible. This usually comes with the idea of moving away from the human as we know it, to the post-human. What is your relation to this type of 'philosophy'?

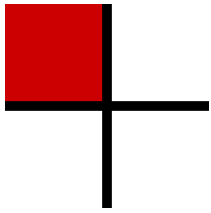
SC: I think it is a terrible, pernicious, delusion. I think the idea that we become mind, that the human condition could be perfected through infinite longevity is a recurrent delusion in the history of thought – a pernicious delusion. I want to flip things around and say that what should be questioned in Western culture is the idea of longevity – that a good life is the same thing as a long life, a long life underwritten by medical science and development in technology. I claim that the material condition of possibility of being human is the body. The body withers and dies, it lessens and changes, and that is the constant reminder of who we are. For me, to be free is to accept the limitation of one's body, accepting oneself as a material and mortal being. That involves accepting that life is brief, and that life has to be embraced, affirmed and enjoyed in its brevity. I don't understand the idea of the post human. I think the human is a sick animal, maybe even an evolutionary mistake. But that's where we are. So the whole idea of disappointment is an acceptance of limitation: limitation, not as something limiting, but as the condition of possibility for flourishing, of freedom and life. Montaigne says that

he who has learned how to die has unlearned how to be a slave. What he means is that he who has accepted the limit of mortality, has become free. Therefore the idea of living for a thousand years is slavery for me. As simple as that. It is an ideology of human enslavement. A delusion which is bound up to an ideology of the future. For at least the last 500 years that in the next 50 years there will be developments such that we will enable us to live forever. This future is a tiny bit further away than we can imagine, but not that far. I think it's dreadful. There will certainly be a future, but any sort of faith in the future is a superstition. I believe that the only way of facing the future is by turning towards the past and listening to the counsel of the dead, the hard lessons of history.

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## Mystification and Secrecy in Contemporary Corporate Life: A Reflection on Lars von Trier's *The Boss of It All* \*

Jana Costas

Here comes a movie, and if it already looks a bit weird – then hang in there, because anyone can see it. Although you see my reflection, trust me – this film won't be worth a moment's reflection. It's a comedy and harmless as such. No preaching or swaying of opinion. Just a cozy time. So why not poke fun at artsy-fartsy culture?

These are the opening words with which Lars von Trier announces his movie *The Boss of It All* (2006). What can we expect from a film introduced with such modesty and diffidence? The story that soon after von Trier's blasé introductory voice-over unfolds appears to be a light-hearted comedy on corporate life. It's a fish-out-of-water plot about a boss who has invented a fictitious owner, the 'boss of it all', to hide behind when unpopular decisions need to be taken and paves the way for subtle humour, jokes and wittiness. In contrast to von Trier's previous melodramatic epics such as *Breaking the Waves*, *Dancer in the Dark* or *Dogville*, *The Boss of It All* seems to invite the spectator to just 'sit back, relax and enjoy the flight' through the absurdities of corporate reality. Such an injunction provokes the reverse though, as no one is more inclined to be engrossed with what is happening. The announcement that as a comedy *The Boss of It All* is 'harmless as such' also appears to only scratch the surface. Indeed, with the 'carnavalesque practice of inversion and overturning' of power relations and social conventions comedies are not 'innocent' at all (Rhodes, 2001; Czarniawska and Rhodes, 2006).

It is von Trier's interaction with the viewer, as well as his comic and even burlesque representation of contemporary corporate life, that makes *The Boss of It All* more than 'worth a moment's reflection'. In fact, in its attempt to appear trivial or 'harmless' the film accomplishes the opposite; namely of constituting a site for gaining critical insights and understanding of organizational dynamics. Given its playful and humorous representation of work, it "seems to offer a picture of working life, while simultaneously providing a creative response to it or informing its conduct" (Rhodes

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\* The author would like to thank the editor and the two reviewers for their helpful comments on an earlier draft of this essay as well as Karin Doolin, Peter Fleming and Juliane Reinecke for watching and discussing the movie with her.

and Parker, 2008: 632). That is, through its use of humour and irony the film seems to succeed in shedding light on some unexplored paradoxes, contradictions and complexities within corporate life (also see Hassard and Holliday, 1998). In particular, this essay suggests that it might provide insights into organizational dynamics relating to mystifications of power relations and ‘public secrecy’, a kind of unnamed though known secrecy (Taussig, 1999) – arguably the main themes of the movie.

The aim of the essay is to draw on *The Boss of It All* to discuss how the workings of mystifications and secrecy might be part and parcel of organizational discourses and practices informed by the ‘new spirit of capitalism’ (Boltanski and Chiapello, 2005). More specifically, through the lens of von Trier’s film, the essay explores how such organizational discourses and practices might play into the manager’s narcissistic identification and ‘desire to be loved’ (Roberts, 2005), as well as potentially being subverted through employees ‘believing too much’ (Fleming and Spicer, 2003). These points will be unpacked in more detail following a brief overview of the film’s plot.

### ***The Boss of It All*: Introducing the Plot**

In an attempt to escape his responsibility for the negative aspects of corporate life, Ravn, the owner of a Danish software company, has shifted the responsibility to an imaginary boss, referred to as ‘the boss of it all’. Over the years he has been telling his employees that this boss is running the company via e-mail from the United States. The plot thickens when Ravn decides to sell the company to a hard-nosed Icelandic business man called Finnur who insists on negotiating the deal face-to-face with the owner. With his back up against the wall, Ravn hires the unemployed and failed actor Kristoffer to impersonate the owner in the sales meeting. However, Kristoffer, who is obsessed with a fictional Italian play-writer Gambini, takes his role much too seriously, leading to Finnur getting suspicious and refusing to sign the contract. As Finnur storms out of the office, the clumsy and inept Kristoffer makes the mistake of being seen by the employees. He ends up having to attend a meeting with the company’s so-called ‘seniors’, which results in a farce; not only is Kristoffer unaware of Ravn’s pack of lies and therefore has to constantly improvise, but these seniors also turn out to be eccentric: one (Nalle) starts crying during the meeting and the choleric Gorm loses his temper and punches Kristoffer. Despite this, Ravn convinces Kristoffer to keep on playing the boss until the company is sold.

What ensues then is a whole set of comic situations between Kristoffer and the senior staff arising from various misunderstandings and embarrassments. From the e-mails, signed with the ‘boss of it all’ that Ravn had been sending to the senior members, they all have a different idea about the ‘owner’s’ persona. The secretary, for example, has been waiting for the absent owner to marry her, a proposal he apparently made through e-mails at a time when she was thinking about leaving the firm. The HR manager Lise, moreover, does not believe that the boss is homosexual (again something Ravn wrote in an e-mail) and pressures Kristoffer into having sex with her. Slowly Kristoffer becomes increasingly aware that the senior members seem to love, trust and highly appreciate Ravn, whilst he has in fact been manipulating them through his intricate web of lies.

Kristoffer learns that Ravn has borrowed money from the senior members, made them unknowingly sign away their patent rights of the software they designed and that, once the business is sold, all of them will be fired and will not be given their fair profit share. In the knowledge of this, Kristoffer's attitude changes and he tries to convince Ravn to tell everyone the truth. From then on the roles between Kristoffer and Ravn are reversed. Kristoffer is now the one who puts Ravn into difficult situations by dropping hints about his lies in front of everyone. Whilst the unhappy Ravn is left more and more unnoticed by his staff, Kristoffer begins to assume Ravn's previous role of making everyone laugh, forming the team's ludicrous holding-hands circle and so forth.

The decisive moment in the film is the final sales meeting with Finnur, who Ravn once again persuades to buy the company. Kristoffer invites all the senior employees to join this meeting and sit in the back of the room. As the meeting proceeds, Kristoffer encourages Ravn to reveal the truth and the miserable Ravn finally confesses to the employees that he has been 'the boss of it all' and hence lied to them before. Interestingly, the employees somehow express then that they had known all along and instead of being overly angry, they quickly forgive Ravn. The movie does not end here though. It turns out that Finnur is also a fan of Kristoffer's all-time hero, the play-writer Gambini, whose plays Kristoffer frantically wishes to perform. The two of them agree to a pact that if Kristoffer can perform Gambini to Finnur, then he will sign the 'evil' sales contract. The movie ends with Kristoffer performing Gambini and hence the company being sold.

## Mystification and Secrecy in Contemporary Organizations?

*The Boss of It All* illustrates well the ways relations of power might be obscured in contemporary organizations. With a boss who, as an absent-present figure, pulls the strings behind everyone's backs, the film shows how workplaces can represent peculiar spaces of non-transparency and secrecy. Tellingly, in one of the first dialogues between Ravn and Kristoffer, Ravn says to him: "The main thing is that you keep this [Kristoffer pretending to be 'the boss of it all'] a secret". Whilst some kind of mystification might perhaps have always been part of capitalist processes (Marx, 1867/1978), mystifications coupled with forms of secrecy might be particularly prevalent in contemporary organizations that increasingly seek to downplay traditional formalized structures (i.e., hierarchy, de-personalization, etc.). Indicative of the 'new spirit of capitalism' (Boltanski and Chiapello, 2005) corporate authority figures are now seen to "disguise themselves as benevolent doubles of their subordinates" (Salecl, 1998: 172) in an effort to resemble more egalitarian and less hierarchical places.

Drawing on *The Boss of It All*, it might be suggested that in such settings, not only the mystification of power relations is intensified, but that it is also accompanied by secrecy, as employees are required to know about it but act as if they do not. This – what I suggest to be illustrative of 'public secrecy' (Taussig, 1999) – is highlighted in the movie, in that the boss Ravn conceals certain knowledge from his employees (in relation to the 'boss of it all'), but somehow still expects them to know that he is the actual boss. The kind of secrecy I am referring to here is therefore not one that entails

employees remaining silent about their concerns (Milliken and Morrison, 2003) or unethical behaviour (Keane, 2008). It is secrecy with a strange relation of ‘knowing and not knowing’ (Simmel, 1906/1950), since employees are expected to “know what *not* to know” (Taussig, 1999: 2; emphasis added). How such secrecy affects employee-manager dynamics and the ways it could be undermined in organizations will be discussed in the next sections through the example of the boss Ravn and his employees.

### *From Outsourcing Responsibility to Longing to Be Loved*

At first sight Ravn seems to represent the typical nasty and instrumental capitalist who tries to exploit his employees as much as he can. This aspect of his character manifests itself in the fact that he wants to sell the firm without giving anyone their fair share and in that he has made the seniors sign their patent rights over to him. Ravn’s creation of a phantom boss can then be interpreted as a rational act of outsourcing responsibility. In this way, Ravn does not have to deal with the tensions and contradictions inherent in power relations. The mystification of power allows the organization to be run more smoothly. That is, he can easily push through unpopular decisions such as cost cutting measures or firing staff without having to deal with any resistance from the employees.

On closer examination, however, there is another perhaps more subtle, yet intriguing side to Ravn’s character, which relates to his co-dependent behaviour, i.e., longing to be loved by his employees. It is the Ravn who, before Kristoffer takes over, initiates the team’s hugging circles, calms down Nalle when he cries again in a meeting and lends a sympathetic ear to everyone’s concerns. From this perspective, Ravn creates a phantom boss so that he can interact with his employees on a par (though, of course, he still wants to lead them informally) and be accepted and adored by them as their ‘cuddly teddy bear’. That is, aware that being loved is incompatible with running a business under the forces of the market, Ravn conceals his position.

This interpretation reminds one of Bertold Brecht’s parable *Der Gute Mensch von Sezuan*, in which Shen Te, the ‘good soul’, the helpful and beloved person, takes on the identity of her cousin, the nasty businessman Sui Ta, in order to make money and exploit those around her. In a similar vein, Ravn has a split character so that, with any unpopular decision to be made, his image does not need to suffer and he does not fear being blamed and rejected by the others – a common concern of managers (Jackall, 1988). On the contrary, Ravn is seen to be equally under the commands of a merciless boss and pitied by everyone for the decisions he has to carry out on his behalf. More importantly, this allows him to be in the position of saying ‘yes’ to what the employees might want (something he advises Kristoffer to do as well) and therefore be loved by them. In this respect a conversation between Kristoffer and his ex-wife (who is coincidentally Finnur’s lawyer) is revealing. He explains to her that “Ravn loves his staff but lacks the strengths to be their boss”, to which she answers that “by blaming all this shit on this boss, you can appear likeable and noble”. When his ex-wife asks Kristoffer “what Ravn’s greatest fear is”, he replies: “Not being loved. That’s what it’s all about. He wants to be the big, and cuddly teddy, otherwise he loses it”.

Interestingly, the importance the movie places on discourses and practices of love might be closer to corporate reality than it perhaps seems. Bojesen and Muhr (2008: 80)



recently argued that “contemporary workplace politics and practice is fuelled by a rhetoric of love”. Whilst these authors go on to show how this affects the employee self, the film demonstrates how love, which, following Lacan, primarily denotes the ‘desire to be loved’, might be an important factor in a managerial narcissistic identification with their ‘imaginary’ (Roberts, 2005). That Ravn displays facets of what Freud refers to as primary narcissism manifests itself in Ravn lacking feelings of duty and responsibility and mainly desiring to “become once more the centre of an admiring and loving world” (Gabriel, 1999: 187). The reason why Ravn becomes so unhappy towards the end of the film is because he feels replaced by Kristoffer who starts to receive all the employees’ attention and love (e.g. instead of referring to Ravn the employee Lise now refers to Kristoffer when saying ‘you can’t help loving him’ – to which Ravn makes a pouty face). Ravn’s revelation of his ‘true’ nature in the last scene can be seen to embody an attempt to regain the love of his employees. Following this, Ravn engages in mystifying his actual position, arguably in order to be able to adhere to or narcissistically identify with his ego-ideal or ‘imaginary’ (Lacan, 1977), which represents a wishful fantasy of being a benevolent friend to the other employees within a happy organization.

In this sense, it might be inferred from *The Boss of It All* that it is not only employees who are constantly in search for and lured to the confirming ‘gaze of the other’ (Roberts, 2005), but also managers. Following Lacan’s (1977) ‘mirror stage’ essay, Roberts shows that employees are vulnerable to managerial forms of control, as these confirm their ‘imaginary’, which constitutes an illusory fantasy of a coherent and autonomous self. That is to say that the employees try to “secure the self by seeking (...) to complete oneself in the gaze of the other” (Roberts, 2005: 633), ‘the other’ being the manager. Indeed, they engage in a “narcissistic identification with the gaze of the other” (2005: 633) and that entails “the demand for proof of (their) love-ability” (2005: 631). Building on some of the film’s insights, we might argue that managers too are trapped in the ‘desire to be loved’, as Roberts (2005: 631) calls it. Perhaps it could even be said that contemporary managerial efforts to cultivate a seemingly supportive, friendly and non-hierarchical organizational culture on the basis of the workings of mystifications might express an attempt to secure such love. Clearly, employees might be more willing to give love and affection to the seemingly caring team member who appears to be everyone’s friend than the boss who forces through ruthless decisions. Then it might be even argued that the ‘The Boss of It All’ draws attention to the fact that managers also desire some kind of love from their employees and that this provides the latter with more power in channelling managerial decisions than it might seem. Could it not be said that the employees’ withdrawal of their love at the end of the movie made Ravn change his mind, not even wanting to sell the company anymore (as I will point out below, the employees are more cunning than they appear)?

However, it should be noted that managerial efforts to secure love by forming more egalitarian and less hierarchical cultures does not imply that managers actually want to be treated like everyone’s friend or an equal group member. On the contrary, as the case of Ravn shows, he wants to have his cake and eat it too; not having to deal with the downsides of being a manager, but instead receiving employees’ love *and* simultaneously leading them (on an informal basis). This is pertinent in the film in that Ravn does get annoyed with Kristoffer, when he starts to make decisions and over-rules

Ravn, for example, by announcing the previously cancelled 'fun day'. There is even the sense that Ravn in fact wants his employees to know that he is their boss. Indicative of this is the fact that Kristoffer is thrown into the deep end by Ravn, as the latter does not explain to him what the business is about so that Kristoffer can only fail in representing a credible boss. Another detail of the film hints at this. In team meetings the employees use a teddy bear to represent the 'boss of it all' whilst simultaneously they refer to Ravn as 'our cuddly teddy bear'. On the basis of this, it might be maintained that the organizational dynamics were marked by the workings of 'public secrecy' (Taussig, 1999), as it was generally known but not openly spoken about that it was Ravn who was in fact the boss. The next section discusses the ensuing dynamics between the employees, Ravn and Kristoffer in this organizational setting marked by public secrecy in more detail and looks at the ways the employees might have undermined it.

### *Secrecy and the Employee-Manager Dynamic*

In contrast to Ravn, the senior employees of the organization appear like a peculiar bunch of people throughout the movie. Their characters all express some kind of 'quirky' side, which ranges from being over-sexed (Lise), paranoid (Mette), choleric (Gorm), hysteric (Nalle) and desperate to get married (the secretary Heidi). They seem to play the role of the naive believers, as they fail to unknot the obvious web of lies Ravn has woven around them. Their ignorance and foolishness provide the ground for many of the film's comic situations. For the employees the absence of the boss seems to be partially compensated through the creation of individual fantasies relating to the boss' persona, to which, of course, Ravn's e-mails signed with 'the boss of it all' give rise. Moreover, Ravn appears to step in as an 'ersatz authority' (Salecl, 1998) for the absent boss, of course, until Kristoffer arrives on the scene and the relations between Ravn and the employees change in important ways. But are these employees really the ones who are simply fooled and naive, as one initially thinks?

Again von Trier's story is more complicated than it likes to appear. As it turns out towards the end of the movie, it seems that the employees were aware all along about the non-existing 'boss of it all' and therefore Ravn's and Kristoffer's lies.<sup>1</sup> From this angle, the plot of the movie requires a different interpretation than one might have thought. In looking at the ways the dynamic between the employees, Ravn and Kristoffer unfolds throughout the film one can detect that whilst at the beginning this dynamic was marked by the workings of 'public secrecy' (Taussig, 1999), towards the end this secrecy was undermined by the employees' unquestioned belief in Kristoffer as 'the boss of it all'. When Kristoffer joins the team, the employees first seem sceptical and even suspicious of Kristoffer as their boss. This is particularly expressed by their questioning of his business knowledge. With the employees knowing that 'the boss of it all' is a phantom figure, it could be suggested that at this stage they play along with the 'public secret' (Taussig, 1999), which Ravn constructs in order to be loved and informally lead them. They also look up to Ravn as their authority figure or leader and

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1 It remains ambiguous at the end of the movie if all the employees actually knew or not. Even if that is not the case, it still can be argued that in their unquestioned belief in Ravn they in fact somehow subverted the workings of secrecy, the point I am trying to develop in this section.

seem unsure about Kristoffer's role – something that Ravn appears to enjoy (e.g. he smiles and laughs about Kristoffer's inability to represent a credible boss).

The turn of the screw in the movie comes when the employees increasingly take 'the boss of it all' at face value and accept Kristoffer as their leader. The dynamic between the organizational members changes, as the employees start playing their part of acting as if a 'boss of it all' really exists too well. Through their seemingly unquestioned belief in Kristoffer as the boss they seem to counter-intuitively subvert the functioning of 'public secrecy'. For the 'public secret' to work it requires people not to openly name things but to still act upon them (Taussig, 1999); it is therefore always accompanied by a particular tension regarding "knowledge and acknowledgement, personal awareness and public discourse" (Zerubavel, 2006: 3). To exemplify this, take a typical 'new spirit of capitalism' type corporate culture that plays upon the equality of everyone in the team and hence non-existence of hierarchies. Such a culture of friendship, we might call it, requires employees, on the one hand, to pretend that everyone is equal, whilst, on the other hand, to carefully acknowledge the, of course, still existing hierarchy. In the film the workings of 'public secrecy' and the associated obscuring of power relations does not work out in the end, as the employees engage in what Fleming and Spicer (2003) term 'believing too much'. They "take [the existence of the 'boss of it all'] far too seriously" (2003: 172). As Fleming and Spicer (2003) explain, in 'believing too much' or 'over-identifying' with managerial discourse employees are able to bring to the surface its inherent contradictions and thereby create a "subversive effect of throwing the reproduction of cultural power into complete disarray" (2003: 172). Building on this, it might be argued that at the point the employees take Ravn's and Kristoffer's lies at face value, they start to undermine the dance around the 'public secret' of 'knowing and not knowing' (Simmel, 1906/1950), that is of knowing the unknown and unspoken. By recognizing Kristoffer as the 'boss of it all' they act as if they *really* do not know that Ravn is the actual boss. Not only is Ravn no longer running the show now – something he finds difficult to deal with, as mentioned previously – but they also bring the very contradictions and tensions underlying the organizational dynamics to the surface.

Moreover, the power of 'public secrecy' is said to be amplified when people try to unmask it (Taussig, 1999). In the film, however, the employees do the reverse; they do not openly confront Ravn to reveal the secret and through questioning give the secret more power. Thereby, they refuse to elevate Ravn to the position of being the mysterious boss pulling the strings behind their backs – again something that he would desire given his seemingly narcissistic character. More importantly, they increase the pressure on Ravn to reveal the truth the more they play the innocent fools who would not believe that Ravn could harm them. It is in these ways that I would like to propose that the employees managed to somehow change the rules of the game. Of course, whilst they might have resisted Ravn's mystifications of power, their resistance still turns out to be ineffective in the end, as it is Kristoffer who in the name of art betrays them.

## Conclusion

The essay argues that von Trier's *The Boss of It All* provides an interesting site for exploring mystification and secrecy at work. The film suggests in a caricatured way that the mystifications taking place in contemporary organizations (exemplified by 'new spirit of capitalism' cultures that emphasize informality) might be based on 'public secrecy' (Taussig, 1999), which can powerfully influence employee-manager dynamics (also see Weber, 1922/1978). Whilst it requires a certain reflexivity on behalf of the employees of 'knowing what not to know' (Taussig, 1999), it somehow creates a particular aura around the manager, who now can lead employees and enjoy the 'desire to be loved' (Roberts, 2005). Thereby, as Taussig (1999) maintains, "it is precisely the role of secrecy, specifically public secrecy, to control and hence to harness the great powers of contradiction so that ideology can function" (1999: 268). In this sense, secrecy and power are indeed inextricably linked (Canetti, 1960/1984). The film also demonstrates how this interrelationship can potentially be subverted and undermined, i.e., in 'believing too much' (Fleming and Spicer, 2003), employees fail to play along with the rules of 'the public secret'. By doing so, they might achieve to bring to the forefront all the inconsistencies and contradictions within their organization that the mystifications try to overcome in the first place.

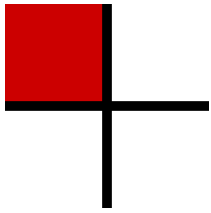
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## What I read About the Global Financial Crisis in 2007 and 2008\*

Christian De Cock

### abstract

Inspired by Eliot Weinberger's piece in the London Review of Books ('What I Heard about Iraq in 2005') and Walter Benjamin's 'method' of montage I trace the global financial crisis through selected quotations. I follow a chronological approach, sometimes briefly fast forwarding to pursue a storyline. The quotations, which I positioned so that they would hopefully illuminate one another, build up to a crescendo in autumn/winter 2008. The material has been derived mainly from the Financial Times newspaper (FT), but is supplemented with quotations culled from reports, speeches, and official testimonies. This piece can be read as a 21st century homage to Karl Kraus who announced in February 1915 that he had become 'a simple newspaper reader', using just scissors and paste to demonstrate the schizophrenia of contemporary history.

### Introduction

"What I have written consists, as it were, almost entirely of quotations. It is the craziest mosaic technique you can imagine." (Walter Benjamin, Letter to Gerhard Scholem, December 22, 1924)

"Walter Benjamin dreamt of publishing a book composed entirely of quotations. I lack the necessary originality. Juxtaposed, quotations take on novel meanings and enter into a mutual debate." (George Steiner, *Grammars of Creation*, 2001, p.13)

"I believe that this means cultivating a different kind of academic positionality which we might call, following Simmel, 'the glance' – an attempt to produce writing which can function as critical direct action through its close attention to the present. Such quick-response writing to the quick responses of capitalism, located somewhere between academia and journalism, is currently starved of outlets and yet it seems to me that if we want to keep up with capitalism's ceaseless experimentation... we will need

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\* This reading was carried out as part of a project sponsored by the UK Economic and Social Research Council (Grant reference: RES-176-25-0002).

to cultivate this art more than any other. Otherwise, we will become disconnected from the very entity we wish to critique.” (Nigel Thrift, *Knowing Capitalism*, 2005, p.11)

“Journalism, so the adage goes, is the first draft of history. In 2008, the Financial Times had a once-in-a-lifetime opportunity to report, analyse and comment on the most serious financial crisis since the Great Crash of 1929... It was a story tailor-made for the FT.” (Lionel Barber, Editor-in-chief of the *Financial Times*, December 2008)

## 2007

*Jean-Claude Trichet, president of the European Central Bank:* “There is now such creativity of new and very sophisticated financial instruments . . . that we don’t know fully where the risks are located. We are trying to understand what is going on – but it is a big, big challenge.” (January 2007)

“Credit risk cannot in practice be somehow magicked away. It is bound to land somewhere, and, in the event of a severe credit crunch, the overlending of the present boom is almost certain to end badly for some.” (*The Independent*, February 2007)

“It may surprise readers to learn that this World Economic Outlook sees global economic risks as having declined since our last issue in September 2006. Certainly this is at odds with many recent newspaper headlines and commentary, which have focused on problems related to U.S. mortgages, the potential for ‘disorderly’ unwinding of global imbalances, and worries about rising protectionist pressures. Nevertheless, as discussed in Chapters 1 and 2, looking at the big picture, we actually see the continuation of strong global growth as the most likely scenario”. (*IMF World Economic Outlook Report*, April 2007)

*Simon Gibson, CEO Wesley Clover, Private Equity House:* “It kind of starts to sound like the dotcom boom. When suddenly, you know, you have a realisation that the inmates are running the asylum... when you start to see those demonstrations of excess, you kind of know that it probably will go.” (May 2007)

*Chuck Prince, CEO Citigroup:* “As long as the music is playing, you’ve got to get up and dance... We’re still dancing.” (FT, 09/07/07)

*Jim Cramer former Hedge Fund Manager, CNBC financial cable channel host:* “Bank executives are calling me in distress. We have Armageddon. In the fixed income markets, we have Armageddon.” (August 2007)

*Matthew Rothman, a Chicago PhD and head of quantitative equity strategies at Lehman Brothers:* “Wednesday is the type of day people will remember in Quant Land for a very long time. Events that models predicted would happen only once in 10,000 years happened every day for three days.” (August 2007)

*Mr Cassano, Head of Financial Products Division AIG:* “It’s very difficult to see how there can be any losses in these [CDS] portfolios.” (At Investor Meeting in Manhattan, December 2007)

## 2008

“A more fundamental lesson still concerns the way the financial system works. Outsiders were already aware it was a black box. But they were prepared to assume that those inside it at least knew what was going on. This can hardly be true now. Worse, the institutions that prospered on the upside expect rescue on the downside. They are right to expect this. But this can hardly be a tolerable bargain between financial insiders and wider society. Is such mayhem the best we can expect? If so, how does one sustain broad public support for what appears so one-sided a game?” (FT, 27/02/08)

*Joseph Ackermann, CEO of Deutsche Bank:* “I no longer believe in the market’s self-healing power.” (March 2008)

“Prices in some credit markets are likely to overstate the losses that will ultimately be felt by the financial system and the economy as a whole, as they appear to include large discounts for illiquidity and uncertainty. Conditions should improve as market participants recognise that some assets look cheap relative to credit fundamentals.” (*Bank of England Financial Stability Report*, April 2008)

*Sir John Gieve, Deputy Governor of the Bank of England:* “While there remain downside risks, the most likely path is that confidence and risk appetite will return gradually in the coming months.” (April 2008)

“APRIL is the cruellest month, breeding

Lilacs out of the dead land, mixing

Memory and desire, stirring

Dull roots with spring rain.”

(T.S. Eliot, *The Waste Land*, 1922)

*Sir John Gieve, Deputy Governor of the Bank of England:* “The instability of the global financial system in recent weeks has been the most severe in living memory.” (October 2008)

“In recent weeks, the global banking system has arguably undergone its biggest episode of instability since the start of World War I.” (*Bank of England Financial Stability Report*, October 2008)

*Lord Turner, Chairman of the FSA (Financial Services Authority):* “In April of this year [2008] everybody knew that something pretty big had happened to the world’s financial system. What we had no idea, bluntly, was how extreme it was going to be... There has



to be a bit of sort of humility that some or other of the things that we've said in the past must be wrong, because otherwise we wouldn't have gone wrong." (October 17, 2008)

*Paul Volcker, former chairman of the US Federal Reserve and chair of the Economic Recovery Panel in president Obama's administration:* "Today's financial crisis is the culmination, as I count them, of at least five serious breakdowns of systemic significance in the past 25 years – on the average one every five years. Warning enough that something rather basic is amiss... Simply stated, the bright new financial system – for all its talented participants, for all its rich rewards – has failed the test of the market place." (Speech to the economic club of New York, April 8, 2008)

*Pete Peterson, Chairman the Blackstone Group:* "Do you feel that the senator has some special attributes, like his presumed ability to unifying the country, that might transcend the principle of long term fiscal responsibility? Or is there a relationship between your support of Senator Obama and your commitment to long term fiscal responsibility?"

*Paul Volcker:* "Well I will make a great confession in this small group that I did, I thought we weren't supposed to talk about political matters here."

*Pete Peterson:* "You and I have never done what we should have done." (April 8, 2008)

*Horst Köhler, German President and former head of the IMF:* "I am still waiting for a clear, audible mea culpa. The only good thing about this crisis is that it has made clear to any thinking, responsible person in the sector that international financial markets have developed into a monster that must be put back in its place... Capitalism only has a future if it rises up to its responsibilities, especially its responsibility towards the weak. It is about practising responsibility and solidarity without at the same time switching off market and price mechanisms." (May 14, 2008)

*George Soros, Hedge Fund manager:* "The system, as it currently operates, is built on false premises. Unfortunately, we have an idea of market fundamentalism, which is now the dominant ideology, holding that markets are self-correcting; and this is false because it's generally the intervention of the authorities that saves the markets when they get into trouble." (May 15, 2008)

*Michael Lewitt, Investment Advisor:* "Allowing investment banks to be leveraged to the tune of 30 to 1 is the equivalent of playing Russian roulette with 5 of the 6 chambers of the gun loaded. If one adds the off-balance sheet liabilities to this leverage, you might as well fill the 6th chamber with a bullet and pull the trigger." (April 11, 2008. Quoted again in Testimony of Jared Bernstein, Senior Economist Economic Policy Institute, Joint Economic Committee of the United States Senate and the United States House of Representatives, July 23, 2008)

"Since a year is a natural period of comparison, it makes sense to think of a recession as a time when the economy is worse than a year earlier on a range of measures. It might happen, but Britain is not there yet, and not even close." (FT, 11/07/08)

*Alan Greenspan, former chairman of the US Federal Reserve:* "We may not easily confront or accept the price dynamics of home and equity prices, but we can fend off

cries of political despair which counsel the containment of competitive markets. It is essential that we do so. The remarkably strong performance of the world economy since the near universal adoption of market capitalism is testament to the benefits of increasing economic flexibility.” (August 4, 2008)

*Alan Greenspan, former chairman of the US Federal Reserve:* “I made a mistake in presuming that the self-interest of organisations, specifically banks and others, was such that they were best capable of protecting their own shareholders... I had been going for 40 years with considerable evidence that it was working very well. The whole intellectual edifice, however, collapsed in the summer of last year.” (October 23, 2008)

“The iron faith in markets and de-regulation of Mr Greenspan, given an honorary knighthood by the Queen in 2002 for his ‘contribution to global economic stability’, has been shaken... The most powerful chairman of the Federal Reserve, accorded the status of a mystic with unparalleled insight into the inner workings of the American economy as he presided over an ostensibly limitless growth in prosperity, a contrite Mr Greenspan now confesses to being ‘in a state of shocked disbelief’ at the present financial turmoil.” (FT, 24/10/08)

*Stephen Roach, Chairman Morgan Stanley Asia:* “The Fed will need to replace its ideological convictions with common sense... Over the past decade, an ideologically-driven Fed failed to make the distinction between financial engineering and innovation... Driven by its ideological convictions, the Fed flew blind on the derivatives front... This trust in ideology over objective metrics was a fatal mistake.” (October 27, 2008)

*Stephen King, group chief economist HSBC:* “It will also be the fault of all those economists and other technocrats who took the view that, freed of political influence, policymaking institutions could make the world a better place through their ‘technical’ skills. In the event, this was merely wishful thinking.” (October 30, 2008)

*Stephen Cecchetti, Professor of global finance at Brandeis International Business School:* “While we need to clean up the present mess... the fundamental innovations should remain. As we think about how to adjust the financial regulatory system, it is important that we do not stop what is going on, just that we do it better.” (June 22, 2008)

*John Thain, CEO Merrill Lynch:* “Right now, we believe that we are in a very comfortable spot in terms of our capital... We’ve been, I think, pretty balanced in terms of what we sold, and at what prices we sold them. And so we have not simply liquidated stuff at any price we could get.” (July 17, 2008)

“\$8.5 billion share offering announced... Merrill also announced it would sell CDO’s valued at \$11bn in Q2 2008 for \$6.7bn, or 22 cents on the dollar.” (FT, 28/07/08)

“BoFA said in a statement it would exchange 0.8595 shares of its common stock for each Merrill common share in a \$50bn all-stock transaction. Based on Friday’s closing prices, the offer is the equivalent of \$29 per share and 1.8 times Merrill’s stated tangible

book value... Mr Thain's willingness to accept market realities has enabled Merrill shareholders to escape a total wipe-out." (FT, 15/09/08)

"The crisis is partly an epistemological one. Few people outside of the financial industry have ever understood how the new complex derivatives work. Were they hedges or means of multiplying leverage? It turns out that few people inside the industry understood either. The most astonishing stories of the past week have to do with AIG's final weekend, when teams of government analysts and accountants from the world's leading investment banks could not figure out how much cash the company would require in order to collateralise its credit-default swaps. Estimates rose from \$20bn to \$85bn." (FT 19/09/08)

*AIG Share Price (Source FT.com):* AIG worth \$4.5 billion [down 97% on the year – was world's biggest Insurance company] with a total derivative exposure of \$441bn on October 24, 2008.



"In the fraught weekend that preceded Lehman Brothers' slide into bankruptcy, the bankers and regulators huddled in the headquarters of the New York Federal Reserve made a startling discovery. 'We have no idea of the details of our derivatives exposure and neither do you,' a senior Lehman banker told government officials, according to people familiar with last month's events. He was right." (FT, 31/10/08)

"It is no exaggeration to say that, in financial terms, the world changed fundamentally this week. The firestorm that has blown through the global economy in the past seven days has destroyed so many famous names that it is hard to know where to lay the first wreath. Lehman Brothers has gone bankrupt. The 'thundering herd' of Merrill Lynch has been sent to the abattoir. Investors have been desperately ditching shares even in those icons of global capitalism, Goldman Sachs and Morgan Stanley. The sickness in the credit markets has snuffed out HBOS, Britain's largest mortgage lender. Others remain on the critical list." (*Independent Leader*, 20/09/08)

"A Bad Week in Hell!" (Rubric heading of *Global Outlook Report*, JP Morgan Chase, September 2008)

“The financial system has reached the point of maximum peril... If the unravelling of the banking system continues, the economic consequences will be dire. Yet there is an even greater risk: that the politicians... draw the wrong conclusions and take the wrong decisions, losing their confidence in markets altogether. It would not be the first time. After the Wall Street Crash, markets were deemed to have failed and US lawmakers attempted to regulate short-cuts through the crisis... and deepened the ‘Great Contraction’ of 1929 to 1933. *The price of popular anti-market sentiment was much higher in some of Europe’s fledgling democracies: fascism* [emphasis added]... This is a difficult time to defend free markets. Nevertheless they must be defended, not only on their matchless record when it comes to raising living standards, but on the maxim that it is wise to let adults exercise their own judgment. Market freedom is not a ‘fundamentalist religion’. It is a mechanism, not an ideology, and one that has proved its value again and again over the past 200 years. The Financial Times is proud to defend it – even today.” (FT Leading article, 25/09/08)

*Chrystia Freeland, FT American Editor:* “Thursday afternoon was the moment America realised its version of capitalism was no longer working. You could feel the pain of that eureka moment from Wall Street to Main Street, where the middle class howled at the magnitude of a mooted \$700bn bail-out package [the original proposal ran to only three typed pages!]. The most direct expression of this epiphany was on Capitol Hill, where an apostate faction of House Republicans declared their 11th-hour opposition to the financial plan being advanced by their own president and secretary of the Treasury... At the heart of the rebellion was the fear that, as Jen Hensarling, the Texas congressman who led the resistance said, the rescue plan would lead the US down ‘the road to socialism’.” (September 29, 2008)

“The End of American Capitalism?” (*Washington Post* lead article, October 10, 2008)

“The ideology of the US is a lack of ideology. Where Nicolas Sarkozy, the French president, could not resist being photographed reading Marx’s *Das Kapital* and announcing the death of ‘capitalism’, the Americans settled down to fix the problem. They will do everything required to stem the crisis: for evidence of this, witness the shift of the \$700bn bail-out fund from buying toxic assets to recapitalising banks.” (FT, 16/10/08)

“A hedge fund manager who made what is thought to be one of the biggest percentage profits of all time bowed out of the business on Friday with a fierce attack on the ‘idiots’”

“...running big banks... Mr Lahde is one of the few hedge fund managers to have correctly predicted the subprime crisis. One of his funds made a return of 870 per cent last year. Money is now being returned to investors as the remaining business is shut down.” (FT, 17/10/08)

*Andrew Lahde, Lahde Capital Management:* “I was in this game for the money. The low hanging fruit, i.e. idiots whose parents paid for prep school, Yale, and then the Harvard MBA, was there for the taking. These people who were (often) truly not worthy of the education they received (or supposedly received) rose to the top of companies such as AIG, Bear Stearns and Lehman Brothers and all levels of our

government. All of this behavior supporting the Aristocracy only ended up making it easier for me to find people stupid enough to take the other side of my trades. God bless America... I truly do not have a strong opinion about any market right now, other than to say that things will continue to get worse for some time, probably years. I am content sitting on the sidelines and waiting. After all, sitting and waiting is how we made money from the subprime debacle.” (Open letter, October 17, 2008).

“A meeting with Charles Bean, the Deputy Governor of the Bank of England, provided the Scarborough Evening News business reporter Laura Crothers with an unexpected scoop yesterday... In a curious interview, he spoke first of his childhood visits to the town to see his grandparents, before delivering the most startling official prediction yet on the impending recession: ‘This is a once in a lifetime crisis, and possibly the largest financial crisis of its kind in human history’... The comments made waves on trading floors, in front rooms and through Whitehall – but not in Scarborough, where the Evening News’s front page instead carried a story about a trial for theft and deception.” (FT, 24/10/08)

*George W. Bush:* “It would be a terrible mistake to allow a few months of crisis to undermine faith in free market capitalism.... History has shown that the greater threat to economic prosperity is not too little government involvement in the market – but too much.” (November 13, 2008)

“In sworn testimony, five of the highest paid and most powerful hedge fund managers, including George Soros, blamed the crisis on the ‘financial system itself’ as they sought to explain their compensation policies to a committee of sceptical legislators... Justifying his own pay package, Philip Falcone, co-founder of Harbinger Capital, pointed to his modest upbringing in Minnesota, where, he said, his father never earned more than \$14,000 a year... John Paulson, of Paulson & Co, whose bearish views on the mortgage bubble made him the most highly paid fund manager last year, according to some calculations [pay estimated at \$3.7bn], said his pay reflected returns to investors.” (FT, 13/11/2008)

*Charles Bean, Deputy Governor for Monetary Policy of the Bank of England:* “The present financial crisis has many parents, encompassing both market failures and supervisory shortcomings. A non-exhaustive list would include: inadequate incentives for care in the origination of loans if the risks are to be passed on; extreme opacity in the nature of the risks underlying complex structured finance assets; too much reliance on statistical models of risk based on past behaviour; disproportionate dependence on ratings by end-investors and a failure to observe due diligence; excessive closeness of the ratings agencies to those who were issuing debt; compensation schemes in financial institutions that encouraged excessive risk-taking and a focus on short-term returns; a failure by originating banks to realise the extent to which distributed risks could return to them; excessive reliance on short-term wholesale funding and inadequate attention to the potential liquidity of assets; and a failure by regulatory and supervisory authorities to appreciate fully the risks inherent in the ‘originate-to-distribute’ model. The ongoing work of the Financial Stability Forum and G20 to address these and related issues and to strengthen the financial system against any future repeat is, of course, extremely welcome.” (November 22, 2008)

*Slavoj Žižek, co-director of the International Centre for Humanities, Birkbeck College:* “It is unlikely that the financial meltdown of 2008 will function as a blessing in disguise, the awakening from a dream, the sobering reminder that we live in the reality of global capitalism. It all depends on how it will be symbolised, on what ideological interpretation or story will impose itself and determine the general perception of the crisis. When the normal run of things is traumatically interrupted, the field is open for a ‘discursive’ ideological competition... Consequently, to put it in old-fashioned Marxist terms, the main task of the ruling ideology in the present crisis is to impose a narrative that will not put the blame for the meltdown on the global capitalist system as such, but on its deviations – lax regulation, the corruption of big financial institutions etc... The danger is thus that the predominant narrative of the meltdown won’t be the one that awakes us from a dream, but the one that will enable us to continue to dream.” (November 14, 2008)

*Nassim Nicholas Taleb, Professor of risk engineering at New York University PolyTechnic Institute:* “A crime has been committed. Yes, we insist, a crime. There is a victim (the helpless retirees, taxpayers funding losses, perhaps even capitalism and free society [emphasis added]). There were plenty of bystanders. And there was a robbery (overcompensated bankers who got fat bonuses hiding risks; overpaid quantitative risk managers selling patently bogus methods).” (December 7, 2008)

*Willem Buiter, Professor of European Political Economy at the LSE, former chief economist of the EBRD, former external member of the UK Monetary Policy Committee:* “We have no longer just a crisis in the financial system. We have gone even beyond the stage where there is a crisis of the financial system. The western (north-Atlantic) financial system we knew has collapsed. If I may paraphrase that great ensemble of Nobel-prize winning financial wizards, Monty Python’s Flying Circus: ‘This financial system is no more! It has ceased to be! It’s expired and gone to meet its maker! It’s a stiff! Bereft of life, it rests in peace! If you hadn’t nailed it to the tax payer’s perch it’d be pushing up the daisies! Its metabolic processes are now history! It’s off the twig! It’s kicked the bucket, it’s shuffled off its mortal coil, run down the curtain and joined the bleedin’ choir invisible!! THIS IS AN EX-FINANCIAL SYSTEM!!’.” (November 26, 2008)

“It has been a bad year... So bad that royalty wants to know what went wrong. ‘Why did no one see it coming?’ Britain’s Queen Elizabeth asked during a visit to the London School of Economics this month... Giulio Tremonti, Italy’s finance minister, raised the predictive bar last week when he said Pope Benedict XVI was the first to foresee the crisis. A 1985 paper showed, according to Mr Tremonti, ‘the prediction that an undisciplined economy would collapse by its own rules’... If only society had listened to the younger Cardinal Ratzinger more than 20 years ago – before, of course, it was reasonable to forecast he would be the next Pope.” (FT, 24/11/08)

*Haukur Már Helgason, department of philosophy at the Iceland Academy of the Arts:* “At the same time, there is an enormous sense of relief. After a claustrophobic decade, anger and resentment are possible again. It’s official: capitalism is monstrous. Try talking about the benefits of free markets and you will be treated like someone promoting the benefits of rape. Honest resentment opens a space for the hope that one

day language might regain some of its critical capacity, that it could even begin to describe social realities again. Or things might go quite differently: perhaps nothing stands in the way of a complete neoliberal victory. Perhaps it's the end of history, not in a liberal democratic utopia, but in *capitalismo puro*, a capitalism that bears no relation to freedom: capitalism as mere fact." (November 20, 2008)

"Last week, Mr Madoff told senior employees, including his sons, that his investment management firm had lost \$50bn over a number of years, according to court documents. Prosecutors alleged that he said his operations were "just one big lie" and "basically a giant Ponzi scheme" – where investment managers pay old investors with money raised from new investors. There is little information on where the \$50bn Mr Madoff is alleged to have said he lost actually went." (FT 15/12/08)

*Chrystia Freeland, FT American Editor*: "From Bernie Madoff's self-declared Ponzi scheme, to Dick Fuld's Jonestownstyle collective immolation at Lehman Brothers, to the subprime lending fiasco, the US version of the market economy – and many of its leading players – have failed more spectacularly than even the darkest dreams of Noam Chomsky could predict." (December 19, 2008)

"The Belgian government on Monday night became the first national administration to fall as a direct result of events linked to the global financial crisis." (FT, 23/12/08)

"Self-pity doesn't wash here [Iceland], though. In the queue for a charity food parcel, and some toys to give to her children, one woman says: 'What I like about the kreppa [crisis] is people start to be cosy, more human'." (FT, 24/12/08).

"A clean-up is overdue. Yet, in cleaning up, we must remember deeper truths: human beings will always believe what they want to; and so regulation will always fail. We know, too, that nothing better than the market system is on offer, however flawed. Financial markets fail. They are also indispensable." (FT Leading article, 27/12/08).

*God (explaining himself in a fragment of Brecht's play St. Joan of the Stockyards)*: "I have a book here about research on economic conditions. Crises are supposed to be governed by natural law. But now I ask you, wouldn't I know something about it in that case? I tell you there is no truth in it whatsoever. I have never had the slightest thing to do with economics. I have never got involved in it and I never will get involved in it."<sup>1</sup>

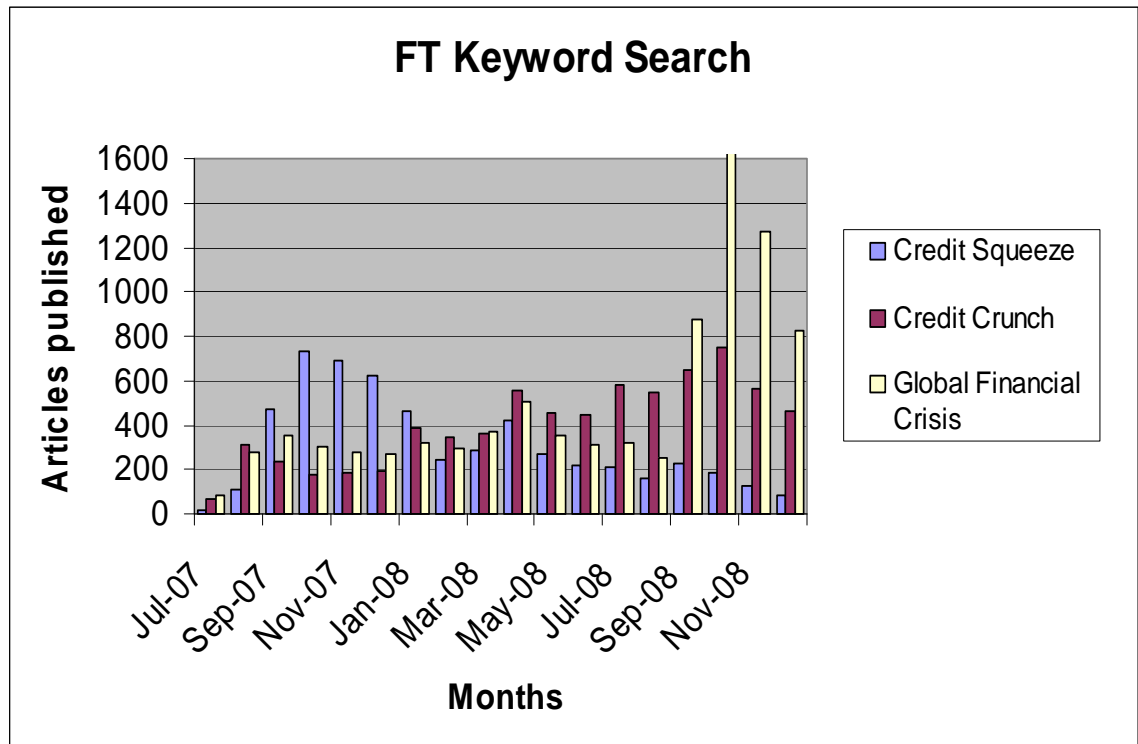
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1 Slightly adapted translation from Jameson's *Brecht and Method*, Verso, 1998 (p.41). The original text reads: "Ich habe da ein Buch über die Konjunkturforschungen. Die Krisen sollen da auf Naturgesetzen beruhen. Da frage ich Sie aber doch, davon müßte schließlich ich auch etwas wissen. Und ich sage Ihnen, kein Wort davon ist wahr! Ich habe mit Wirtschaft nie das Geringste zu tun gehabt. Für mich ist Wirtschaft überhaupt nicht vorhanden. Ich habe mich nie in sie eingemischt, und ich werde mich nicht einmischen".

## Appendix A: From Squeeze to Crunch to Crisis! (FT keyword article counts)

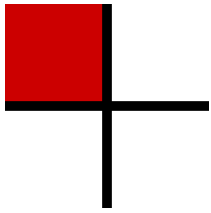
	Credit Squeeze	Credit Crunch	Global Financial Crisis
Jul-07	14	69	84
Aug-07	107	311	282
Sep-07	472	233	355
Oct-07	735	175	299
Nov-07	687	189	282
Dec-07	624	190	270
Jan-08	462	390	316
Feb-08	243	348	297
Mar-08	287	359	370
Apr-08	419	552	502
May-08	266	458	356
Jun-08	223	449	315
Jul-08	213	581	316
Aug-08	160	550	251
Sep-08	227	646	878
Oct-08	182	749	1974
Nov-08	126	567	1268
Dec-08	81	467	825





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## Undisciplined Economies

Andreas Jansson

**review of:**

Vestergaard, J. (2008) *Discipline in the Global Economy? International Finance and the End of Liberalism*. New York: Routledge (HB: pp. 288, £ 60, ISBN: 978-0415990318).

Most of the time there are enormous amounts of liquidity on the look out for investments that promise competitive returns. However, flows of capital into specific countries and sectors by global players may just as quickly be reversed and reallocated elsewhere. This creates panic and crises in financial systems, with devastating consequences for local economies. Global finance thus affects the lives of us all, whether we like it or not.

Vestergaard, in this interesting and thoughtful book, brings Foucault's analyses to bear on various aspects of the governance of the global financial system. Vestergaard argues that the East Asian financial crisis of the late 1990s marked a turning point for such governance. In particular, he shows that the characteristics of Asian economies were blamed for the crisis while other important factors were ignored. In the aftermath of the crisis, a global disciplinary regime was established that attempted to mould 'proper' economies in East Asia and beyond. 'Proper' economies were said to be characterised by transparency and 'sound' regulations, which was supposed to make them able to compete for global financial resources. This mode of governance, Vestergaard argues, has instead brought further volatility to the global financial system, demonstrated most clearly by the current economic crisis.

### The East Asian Financial Crisis

The chain of events constituting the East Asian financial crisis can be summarized as follows. A lot of foreign capital was lent to East Asian banks at short maturities, which was then lent to local actors. Typically, though not exclusively, these loans were denominated in US dollars, to which the currencies of most East Asian countries were pegged. The crisis began in Thailand when foreign capital began to be swiftly withdrawn in June 1997, thus diminishing its reserves. Instead of devaluing the currency, the Thai central bank began to defend its currency by instigating repurchases

of it, aided by the International Monetary Fund (IMF). This defence of the currency was ultimately in vain and the Thai Baht was left to float, which prompted a major depreciation of the currency against the USD and other currencies. Many actors in the local Thai economy were in deep USD-denominated debt, so it became increasingly difficult to meet payments as the USD appreciated. Inevitably, numerous bankruptcies and a recession followed from this chain of events, which also played out in a number of other East Asian countries with similarly devastating consequences for their economies.

A large number of economists have attempted to single out the salient causes of this crisis, focusing on whether the withdrawal of capital was a response to macroeconomic fundamentals, why so much capital was lent in the first place, and what to do to prevent similar crises in the future (p. 25). Vestergaard takes a closer look at four economists who are authoritative voices in this debate: Barry Eichengreen, Paul Krugman, Joseph Stiglitz, and Robert Wade (chapters 3-6). The aim of this exercise, employing a method inspired by Foucault, is to problematize these narratives and to question the image of the crises they create.

The economists point to such factors as moral hazard, ‘crony capitalism’, and unsound macroeconomic fundamentals as likely causes of the East Asian financial crisis. Vestergaard argues that these narratives constantly focus on the recipients of the loans (i.e. the local actors in the East Asian economies) when seeking to ascribe blame for the crisis. Vestergaard, in problematizing these narratives, points out that it “takes two to tango” (p. 80). In other words, there could not have been any irresponsible borrowing unless there were also equally irresponsible lending. Say’s law, it seems, is never as applicable as it is for finance.

Representations are not neutral. What really matters, here, are the major political consequences that followed from the apparent economic consensus. Vestergaard argues that the Asian financial crisis of the late 1990s can be seen as a turning point in the governance of global finance; it paved the way for the emergence of a new system of disciplinary power.

## **Making Economies Transparent and Ready for Examination**

The strongest section of the book is the analysis of how, in the aftermath of the East Asian financial crisis, a new system for international finance was launched (chapters 8-13). Here, Vestergaard analyses the post-crisis governance of the global financial system by using an analytical framework based on Foucault’s writings on disciplinary power. Arguing that knowledge and power are intertwined, Vestergaard is able to show that there is a link between the economists’ analysis of the Asian crisis and the governance of the global financial system.

What is the rationality of this system and how does it relate to the economists’ analysis of the crisis? Vestergaard explains that the IMF and World Bank previously forced countries that sought their assistance to enact structural reforms, mainly consisting of deregulation. After the Asian crisis, a new generalized system of constant surveillance

and enforcement mechanisms was instigated. This served to discipline economies regardless of whether they had suffered a crisis or not (p. 100). The new monster spawned in the aftermath of the Asian financial crisis was the so-called International Financial Architecture (IFA) initiative, given an expression most clearly in IMF's Financial Sector Assessment Programme (FSAP). The key difference from previous attempts by the IMF to mould the international financial system was that the FSAP did not promote deregulation per se, but rather promoted a specific set of regulations. Vestergaard shows, moreover, that these regulations were grounded in policy recommendations that had been derived from the economists' analysis of the East Asian financial crisis.

Disciplinary power, in Foucault's analysis, creates docile, individualized bodies that are constantly examined and trained to conform to norms. Foucault famously uses the model of the Panopticon as a metaphor for a society characterized by disciplinary power, in which one never knows whether or not one is being observed and must therefore act as if one is always under observation. In Vestergaard's analysis, the IFA initiative analogously creates "'docile' economies" (p.130): economies that are trained to conform to norms of what constitutes a 'proper' economy through a system of hierarchical observation and normalizing judgement (pp. 125-128). This is why the FSAP place so much emphasis on the idea of 'transparency', since transparent economies can be assessed and measured against the ideal or proper economy. Vestergaard goes on to describe the attempts by the IMF and World Bank to develop indicators and methods to examine and make economies transparent. If everything ran according to plan, it was believed, market actors would take advantage of this newly-established transparency and punish economies that deviated from this norm by demanding risk premiums to invest there. This would put pressure on economies to conform to the norm of the 'proper' economy.

What is this 'proper' economy? Vestergaard's book offers an interesting analysis of this issue (chapter 11). Delving into accounting and comparative capitalism literature, he shows that what is promoted as 'international best practice' when it comes to the financial system is, in fact, an image of the Anglo-American way of organizing financial markets. The IFA initiative, in other words, is another way to spread the Anglo-American brand of capitalism over the world, packaged as the image of a 'proper' economy.

A ready parallel can be made to the highly influential 'comparative law and finance' literature (often at the top of social science citation indexes), which sets out to measure such elusive concepts as the 'quality of government' and the 'strength of investor protection' (e.g. La Porta *et al*, 1998). This literature typically argues that countries with legal systems rooted in the common law tradition (i.e. the UK and its former colonies) performs better in terms of the strength of investor protection and the breadth and depth of financial markets. It therefore stands for 'best practice' regarding financial system regulations. As Vestergaard argues (pp. 141-148), most types of capitalism do not traditionally depend on Anglo-American-type liquid capital markets for mediating finance, but have other institutions (such as banks) taking care of the job. Yet, once it becomes accepted that financial markets are good and just, as the IFA initiative sought to accomplish, then obviously regulations associated with legal systems rooted in the

common law tradition might appear as best practice, as it is accustomed to a model involving large financial markets.

The interesting thing, however, is that the IFA was not very successful. Vestergaard presents an “anatomy of regulatory failure” (chapter 12) in which countries were not particularly interested in taking part in the various assessment programs that had been launched. Curiously, financial market actors disregarded what the IMF and the World Bank deemed to be a proper economy, which led to the failure of the reward/punishment component of the disciplinary system. Neither was the system very successful in preventing financial crises: FSAP-certified Dominican Republic experienced a banking crisis shortly after it was examined, demonstrating the evident weaknesses of the approach.

## **IFA, Ideology, and the Future**

Vestergaard associates the IFA initiative with a ‘post Washington consensus’. If the previous Washington consensus believed in the soundness of deregulation, free markets, and small government, the post Washington consensus believes that “institutions matter” (p. 173). If an economy can get its institutions right, it will prosper. Organizations such as IMF and the World Bank no longer condition their loans on deregulation and privatisation programmes, but instead attempt a more generalised form of surveillance and discipline, training economies to get their institutions right. These ‘right’ institutions, Vestergaard points out, are very similar to those prevailing in Anglo-American countries.

But is this neoliberalism? By relating the IFA initiative to a brief history of liberal thought (chapters 14-17), Vestergaard concludes that it is not, to the extent that you associate neoliberalism with the position that government should stay out of the economy and markets should be free and unrestrained, with the social order allowed to emerge spontaneously. In fact, the very essence of the IFA initiative is to design and implement a given social order in lieu of whatever local social order markets have produced, on the argument that this designed order is the better for financial stability and economic success – a “Hayekian nightmare”, to use Vestergaard’s terminology (p. 214). Even though this more totalitarian stance may pass as neoliberalism in the sense the term is used nowadays, it certainly does not accord with what often is considered the intellectual roots of this ideology, suggesting that neoliberalism has become decreasingly ‘liberal’. The IFA was a planned exercise in homogenization, thus contradicting the historically liberal virtues of heterogeneity and spontaneous social order.

Vestergaard concludes the book with a chapter sketching out policy advice for the future governance of the international financial system. In essence, he advocates the application of what Foucault calls the ‘ethos of liberalism’: the constant questioning of whether we are governing too much (or too little). The ongoing economic crisis compels us to reflect on this very question and to think about how we might go about transforming our financial institutions and the wider system of governance and

regulation. In sum, Vestergaard's analysis offers a refreshing perspective on international finance that will be of major value to those of us interested in finance and the global development of capitalism.

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