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Still Dancing: drive as a category of political economy

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One of the most notorious remarks circulating as evidence of bankers' arrogant disregard for the destructive effects of their high-risk financial strategies came in July 2007 from Charles Prince, the CEO of Citigroup. He said "as long as the music is playing, you've got to get up and dance." Then he added: "we're still dancing." At the time, the subprime mortgage market was in free fall. Yet over the preceding five months, Citigroup and Merrill Lynch had led Wall Street in creating and selling 50 billion dollars in new CDOs (collateralized debt obligations, a kind of derivative backed by mortgage bonds). Prince thought the "pools of liquidity" were deep enough—the amount of available capital big enough—to immunize the big banks from the collapse of subprime. Despite the plummeting subprime mortgage market, Wall Street had kept on issuing CDOs; the total dollar amount for the year 486.8 billion.[1] In the words of one investor, "We knew the collateral for the CDOs had collapsed. And yet everything went on, as if nothing had changed."[2] The International Monetary Fund would subsequently estimate losses related to US-generated subprime mortgage assets at one trillion dollars.

The psychoanalytic term for this keeping on, this repetition, is drive. Drive is a keeping on beyond pleasure, beyond use, beyond desire. In the reflexive turn of the drive, drive's loop back

round upon itself, activity becomes passivity, stuckness in a circuit: *I know that you know that I know that you know that I know. . .*

One of Slavoj Žižek's most significant theoretical contributions is his activation of Jacques Lacan's teachings on drive. Žižek explores drive throughout his work, using drive to rethink subjectivity, ideology, and ontology. While some theorists focus on the subject of desire, critically interrogating the fantasies that attach it to law, Žižek has opened up the category of drive, confronting what it is that impels us, that invests us in activities or patterns or objects exceeding interest, life, even our own good. As Adrian Johnson puts it, "thanks to 'the death drive' (as disruptive negativity), the human individual isn't entirely enslaved to tyranny of the pragmatic-utilitarian economy of well-being, to a happiness thrust forward by the twin authorities of the pleasure and reality principles."[3] Similarly reconfigured through drive, ideology becomes less a matter of what one knows and more a matter of what one does. The task of ideology critique correspondingly expands beyond exercises in demystification and exposure to include the practices and activities constitutive of a system, an expansion that enables Žižek to consider activity as a form of passivity and inactivity as disruption. Even more fundamental is Žižek's deployment of drive as a category of ontology, whether in Hegel's terms of self-relating negativity or in Schelling's terms of the primordial decision to repress the rotary movement of drives in the establishment of order and language (which Žižek thinks together in his Lacanian re-reading of German idealism).[4] Žižek argues that there is no direct way to tell the story of the emergence of language and culture out of nature or to explain how the matter of brains produces the self-consciousness of persons. Any such account seems doomed to either materialism or idealism, unable to get from one to the other. Žižek's provocative and original thesis is to theorize this impasse directly: death drive names the "In-between" nature and culture, what is no longer nature but not yet culture.[5] Variously construed as the "vanishing mediator" between the two (what has to be presupposed as present for the transition but couldn't actually be, an idea Žižek gets from Fredric Jameson's reading of *The Protestant Ethic and the Spirit of Capitalism*), a violent cut, or a radical withdrawal, death drive designates the big Other's repression of *its own founding gesture*.[6]

My interest in this essay is with drive as a category for political economy. The reflexive loops, stuckness, and ruptures of drive manifest themselves in the dynamic of capitalism's booms and busts. Žižek writes, "Drive inheres to capitalism at a more fundamental, *systemic* level: drive is that which propels the whole capitalist machinery, it is the impersonal compulsion to engage in the endless circular movement of expanded self-reproduction. We enter the mode of drive the moment the circulation of money as capital becomes 'an end in itself, for the

expansion of value takes place only within this constantly renewed movement.'"[7] I use drive to analyze the extreme capitalism of neoliberalism, focusing on reflexivity in finance at three levels: the derivative as a commodity, competition as a circuit, and knowledge as the discourse of the university. I begin by highlighting Žižek's account of the difference between desire and drive.

Drive and desire

Desire and drive designate relations to *jouissance*, ways that the subject structures her enjoyment. Desire is always a desire to desire, a desire that can never be filled, a desire for a *jouissance* or enjoyment that can never be attained.[8] In contrast, drive attains *jouissance* in the repetitive process of not reaching it. Enjoyment comes from the process itself, not from fulfilling an ultimate goal. Žižek writes, "In Lacanian terms, one can determine the distinction between individual greed and the striving of capital itself as the difference between desire and drive."[9] Individual greed might be unlimited, a desire for more, more, more, a desire that ultimately can never be met. Desire alone, however, can't account for the persistence of capitalism. The fundamental structure of capitalism is a circuit. Capital strives to accumulate, to reproduce itself. It circulates, ceasing to be capital if this circulation stops.

Žižek also considers the difference between desire and drive via a change in the position and function of *objet petit a.* He writes:

> Although, in both cases, the link between object and loss is crucial, in the case of the *objet a* as the object of *desire*, we have an object which was originally lost, which coincides with its own loss, which emerges as lost, while, in the case of the *objet a* as the object of drive, the 'object' *is directly the loss itself*—in the shift from desire to drive, we pass from the *lost object* to *loss itself as an object*. That is to say, the weird movement called 'drive' is not driven by the 'impossible' quest for the lost object; it is *a push to directly enact the 'loss'—the gap, cut, distance—itself*. [10]

Drive is a kind of compulsion or force. It's a force that is shaped, that takes its form and pulsion, from loss. Drive is loss as a force or the force loss exerts on the field of desire. We see this force of loss expressed in capitalism as the loss of satisfaction, completion, a capacity to be at rest. Absent an end or a limit, the process pushes on, in a relentless, nonsensical circuit.

In his compelling book on the crisis in the subprime mortgage bond market, Michael Lewis follows investor Steve Eisman to a conference on these high risk mortgages held in Las Vegas in early 2007. Seemingly unaware of the already increasing mortgage default rate, over seven thousand investors turned out to gamble, play golf, and hear speeches about investing in

the mortgage bond market. What had been an obscure and ill-reputable segment of the finance industry (not lease because of the exploitative lending practices involved), had become Wall Street's most powerful profit generator—even though it made no economic sense. Lewis quotes Eisman, "It was like watching an unthinking machine that could not stop itself."[11] Individual bets and transactions in speculative finance don't have to mean anything; they don't have to be backed by something sensical (like actual assets). They just have to keep being made.

Žižek points out that drive's compulsive force captures the subject.[12] One *has to* keep going or, in the immortal words of Margaret Thatcher, "There is no alternative." This "has to" shouldn't be confused with some kind of illusory natural law or inherent economic truth. Rather, it's the more uncanny force of drive in capitalist dynamics. During the financial crisis, drive's compulsion manifested itself in part in the absence of alternatives that pervaded official explanations for the bailout of the big banks: "they were too big to fail." Since "failure was not an option," government *had* to step in. Hands were tied. Even two years after the bailouts, Wall Street persistently spoke in the confined and compelled terms of drive. A *New York Times* article on high frequency trading, transactions that occur at a rate of something like 98 millionths of a second, quoted a research report on the *necessity* of spending hundreds of millions of dollars on faster computers and designated networks to enable higher speed trades, "Broker-dealers, hedge funds, traditional asset managers have been forced to play keep-up to stay in the game."[13] This high frequency trading is not confined to shadow markets. According to economist Michael Hudson, the *average time* a stock is held is 22 seconds and the *average* foreign currency investment last 30 seconds.[14]

An additional feature of drive is its reflexivity, the inclusion of the subject in the scene she observes.[15] This inclusion brings with it an unavoidable (and constitutive) distortion as the presence or intervention of the subject affects the setting it encounters. Expressed in the bubble dynamics of speculative finance: if I think that you think CDOs are a good investment, then I should make and sell you some; this confirms to you that they are good investments (or else I wouldn't be selling them); consequently, you purchase more, which tells me I was right to think that you thought these were a good investment; I then share this news with others, who want to buy some, which again confirms my expectations and your savvy as an investor, etc. Rather remarkably, this reflexivity has actual market effects: deals are made (insuring payment for the brokers) and prices rise.

As Žižek emphasizes, the reflexive movement of drive is a loop. One shouldn't imagine it as a circle or oval, though, but more like a messy spiral. The loop of the drive is an uneven repetition and return that misses and errs. Stuck in the loop of drive, the subject keeps doing the

same thing, trying to get the same result, but rarely really gets it. Still, the subject gets something, a bit of enjoyment, in the repeated effort of trying. And this nugget of enjoyment is enough of a payoff to keep the subject keeping on, although each moment is a little different. And why is each movement a little different? Because it comes next, it adds itself and thereby changes the setting of the next circuit.

Drive's reflexivity thus involves a rather paradoxical causality: the cause results from its own effects. Marx's account of the genesis of the capitalist system in *Capital* provides one of Žižek's clearest examples: "capitalism reaches the level of self-reproduction once its external starting conditions are posited as moments of immanent self-development." He explains that money doesn't originate with capitalism; capitalists accumulate it through non-capitalist means (primitive accumulation). Yet once the capitalist cycle is established, "money is posited as one of the 'incarnations' of capital itself, as moment of its movement Money-Commodity-Money."[16] Žižek's point is that it's not enough to criticize capitalism as a fantasy of money begetting money. One has to acknowledge the truth of this fantasy, the fact that people believe it, in other words, the actual effective power of the fantasy in the lives of people. Even those of us who know capitalism doesn't work nonetheless act as if we did not know this; we believe that others believe that capitalism will keep on going on and on.[17]

At some point, doing the same thing over and over shifts from order into chaos. Persistent repetition can amplify patterns to the point of overload and collapse, as in the bursting of market bubbles. The reiterations that fail to respond to changes in their setting themselves change the setting. Here we encounter capitalism's creative destruction, the centrality of crises to capitalism's peculiar persistence. In sum, Žižek's activation of drive mobilizes the category for political economy as it highlights drive as a compulsive, reflexive circuit that captures the subject and whose repetitions can intensify to points of destruction and rupture.

The commodity form of drive

A significant feature of capitalism in the US and UK is the neoliberal form it has taken over the last thirty years.[18] The dismantling of the regulatory features characteristic of the Keynesian consensus unleashed a predatory financialization. One of the finance sector's primary weapons of mass destruction (to use the term applied by investor Warren Buffet) is the derivative.

Derivatives are a class of custom-made financial tools such as commodity futures, stock options, currency swaps, and collateralized debt obligations that let traders insure or bet against movements in other financial instruments.[19] Most derivatives trade privately in the unregulated

over-the-counter or OTC market. Although initially a rather obscure, specialized investment vehicle, from 1987 to 2007, the derivative market expanded from $866 billion to $454 trillion.[20] What characterizes derivatives as a class is that they are limited term contracts to exchange capital in an agreed upon description of the future on the basis of the price of the underlying asset at that time; "limited term" here means that the contract has an expiration date.[21] Thus, the derivative instrument is reflexive: it steps back from one level of circulation (like trade in stocks or bonds) and commodifies a possible future moment of circulation (how investors will assess the asset in the future). It's not just a bet; it's a bet on how others will bet.

Consider the "synthetic CDO." This is a collateralized debt obligation comprised of credit-default swaps (insurance on tranches of bonds). Lewis explains, "The market for 'synthetics' removed any constraint on the size of risk associated with subprime mortgage lending. To make a billion-dollar bet, you no longer needed to accumulate a billion dollars worth of actual mortgage loans. All you had to do was find someone else in the market willing to take the other side of the bet."[22] Derivatives don't simply profit from risk. Risk is not primarily a side effect of complex, interlinked market transactions. The securitization of risk, its bundling into a commodity to be sold, is deliberate and intentional. When a market is made for a specific designer instrument, like a credit default swap, the surplus risk shifts from being a byproduct to being the product; it occupies the place previously held by the asset.

This reflexivized, commodified bet contributes to producing the future on which it is betting. Derivatives enable enormous leveraging; small outlays of capital can have huge pay-offs or pay-outs in the future. Because the immediate cost of risk is comparatively small, firms can undertake more investments than they would with regular stocks and bonds. Derivatives also contribute to the future on which they are betting insofar as they require counter-parties. Someone has to be on the other, losing, side of the deal. Complex derivatives combine, slice up, recombine, and sell bundles of assets and/or swaps (J. P. Morgan designed synthetic CDOs; there were also CDOs of CDOs and CDOs of CDOs of CDOs).[23] From one perspective, these recombinant financial instruments distribute risk broadly so that no one firm suffers too badly when an investment sours. From another, more firms become susceptible to investments gone wild. Because derivatives "tighten intermarket connectivities," enabling the circulation of gains and losses to cross from one market to another, no market is shielded from the effects of big events. [24]

Because they repeat in their own structure and relations the circulatory regime of global capital, derivatives should be understood as commodified forms of drive. Products of the perceived need to protect investors against the risks involved in complex speculative financial

transactions, derivatives make these transactions possible, thereby producing, retroactively, their own conditions of emergence. In the words of LiPuma and Lee, “once the speculative capital devoted to financial derivatives becomes self-reflexive and begins to feed on itself, it develops a directional dynamic toward an autonomous and self-expanding form.”[25] Since abstract financial relations are themselves treated as underlying assets, money markets can expand seemingly without limit—that is, as long as everyone involved believes that they will, as long as the circuit keeps on going on and no one tries to cash in or call.

Derivatives commodify drive in another sense as well: they presuppose, reinforce, and amplify relations of dramatic inequality. Although per capita GDP in the US nearly doubled between 1976 and 2005, about half the gains went to the top five percent of the population.[26] The real median wage remained stagnant. Debt (or the extension of credit, which is the same thing) was a way of addressing the decline in purchasing power. It also had the benefit of being securitizable and thus available as an investment vehicle for the excess of capital at the top. Lewis sums the point up best when he writes, “Complicated financial stuff was being dreamed up for the sole purpose of lending money to people who could never repay it.”[27] The expansion in the number of subprime mortgages, their bundling into bonds, the bonds’ dividing into tranches, the tranches’ repackaging into CMOs (collateralized mortgage obligations) and CDOs (which included debts besides mortgages such as student loans and credit card debts) resulted from demand for these massive financial instruments. Working people’s desire to purchase homes they could not afford did not create CDOs (which is sometimes how media accounts blaming mortgage defaults for the financial crisis make it sound). Investment banks did. Scott Patterson writes, “Without the demand from the investment banks, the bad loans would never have been made.”[28] The mortgage holders “existed only so that their fate might be gambled upon.”[29]

In the years preceding the crash of 2007-2008, investment banks used CDOs to remove debt from their balance sheets, a practice part of the “shadow-banking system.” The banks sold this debt to investors in the form of tranches (slices or layers) of the CDOs. Investors thought they were buying measurable risk. Those who purchased tranches with AAA ratings from Moody’s or Standard & Poor’s thought they were investing in something pretty secure with a very, very, low likelihood of failure, primarily because the likelihood of default on a large number of mortgages was very, very low. AAA tranches were particularly attractive for pension funds and university endowments required to keep their risk exposure low.

The problem was that the models used to figure out the correlations between the tranches assumed not only predictable, bell-curve like patterns, but also that the price information fed into

the models was coming from a bubble in the housing market, inflated in part by historically low interest rates after 9/11, the rush of investors wounded in the burst of the dotcom bubble into ostensibly secure real estate, banks' enthusiasm for mortgages and other loans that generated lots of fees, and the rise of derivatives themselves. As Patterson explains, "what resulted was a vicious feedback loop—an echo chamber, one might say, in which enthusiastic investors snapped up tranches of CDOs, creating demand for more CDOs—and that created a demand for more mortgage loans."[30]

Demand for CDOs corresponded to the rise in inequality. Prior to the subprime mortgage boom, subprime mortgage lending was a barely legitimate business. Mortgages were issued with little regard for whether they could be repaid; the money was in the fees. Lenders attached exorbitant charges to the loans made to customers at high risk of default, relying on teaser rates that would balloon up after a couple of years. Most of these early lenders went bankrupt in the mid-nineties. Less than a decade later, the subprime market was larger than before, offering even lower quality mortgages to people who, facing a decade of stagnant wages and maxed out credit cards, jumped at the chance of no money down, interest only mortgages. The debts of poor and working people were fodder for the Wall Street finance machine. So even though adjustable-rate mortgages were defaulting at epic rates in 2005, the price of houses continued to rise as people refinanced when their rates turned over. Consequently, the subprime mortgage market continued to expand. This massive financial boom required, was made possible by derivatives created out of the debts of the people seemingly furthest from Wall Street, those considered the least credit-worthy. At this interface of the extremes of profit and loss, poverty (like risk) isn't an unavoidable byproduct of capitalism but its condition and content—the increase in the number of poor people is an investment opportunity. The system turns in on itself and feeds on its own excesses. The derivative is this reflexive circuit in commodity form.

Even in the last months of the bubble in subprime mortgage bonds (between February and June of 2007), the market in CDOs continued to generate billions. Turbulence increased as banks tried to dump the bad investments, but insofar as buyers kept purchasing them, the market remained afloat. Lewis's description suggests the trap of drive: "it was as if an entire financial market had tried to change its mind—and then realized that it could not afford to change its mind."[31] The interconnected banks were themselves caught in a circuit beyond their control. If there were no buyers for the CDOs, and the mortgages deep in their bowels were defaulted upon as house prices continued to drop, the CDOs would be worth nothing. The credit-default swaps suggest a kind of insurance, a way to hedge against massive losses, but that hedging depends on the seller's ability to pay. If the seller couldn't pay, then the insurance

wasn't worth anything either. In effect, the over-leveraged derivatives market, a substantial component of Wall Street's exorbitant profits and bonuses, led the financial system to deceive itself.

Drive as the Real of Capital

Žižek often describes Capital as Real. "The self-propelling circulation of Capital," he writes, remains more than the ever the ultimate Real of our lives, a beast that by definition cannot be controlled, since it itself controls our activity. . ."[32] The point is not that laws, states, policies, and practices play no role in enabling the paths capital takes. Nor is it that there is no difference between neoliberal capitalism and welfare state capitalism. Žižek is not saying that capitalism is an ahistorical, economic force that necessarily exceeds any attempts at regulation. Rather, there is an excess of capitalism that persists through yet beyond its instantiation in production, consumption, and exchange, its ideological manifestations in ideas of the free market, and the mathematical formulae and equations of economists."Self-propelling circulation" points to drive as this Real of Capital, the "vanishing mediator" between processes of production and the abstract spectrality of finance. The persistent force compelling capital's ceaseless circuit and entrapping us within its unrelenting need to accumulate is the movement of drive as death-drive, a drive beyond life, balance, and efficiency and into the negativity of unavoidable destruction. This is the excess that cannot be controlled as long as capitalism exists, the excess underlying capitalism in its different guises, the perpetual push to accumulate, expand, and intensify, the endless circuit of creation and destruction, the inescapable drive to grow and profit that turns into devastation and loss.

Understanding Capital in terms of the Real of the drive expresses capitalism's compulsive force without reiterating liberal and capitalist claims for an inevitable economic logic and thereby obscuring changes in capitalism. As Foucault discusses in his 1978-1979 lectures, *The Birth of Biopolitics*, classical liberal economics emphasized free markets. If the state would refrain from interfering, fair prices and reasonable distributions of goods would result from individuals self-interested transactions—Adam Smith's famous "invisible hand." Should the state attempt to manage or regulate these transactions, however, it would inevitably distort them. In contrast, neoliberals stressed competition. Here the role of the state was to insure not free markets but free competition. At every level of society, competition—inclusive of the resulting inequalities—was alleged to unleash excellence and productivity.

Over the course of the first decade of the twenty-first century, it became clear that real-existing neoliberalism involved neither free markets nor free competition. Whether one focuses on ongoing tariffs, subsidies, and restrictions in global trade, the exclusivity of most Wall Street deals, capitalism's tendencies toward monopoly, the social and control conditions establishing many of presuppositions for what can be bought and sold, or mainstream economists' own acknowledgements that the suppositions of their models don't hold in real-life conditions, the free market is a myth—with powerful effects. The myth may be a lie, but it still "formulates the truth of capital."[33] Likewise, contemporary financial markets might be blood-thirsty and cut-throat, but they aren't competitive, not if by "competitive" we imagine some kind of open contest with clear, fair rules, and not if we think that competition has disciplining effects. On Wall Street, the competition is between bankers for their salaries and bonuses, a mindset that rewards short-term deal-making and the overall number of deals made, not the outcome of the deal for parties to it. Nonetheless, the fiction of competition expresses a truth of capitalism, what people believe, their sense of an unavoidable struggle over goods, resources, and opportunities that are necessarily limited and scarce.

The "winner-take-all" logic of transactions in the contemporary networks of communicative capitalism manifests the truth in the lie of competition. Capitalism doesn't actually rely on competition, yet we have to describe it this way in order to formulate its effect on us. When Žižek asks "beyond which point does competition break down and the winner take all," he misstates the primary question. [34] Presuming an actuality of competition, he overlooks not just the differences between popular and economic notions of competition, but the way this ambiguity informs a new configuration of waged work. He passes over the practical impact of competitive fictions. In growing numbers of fields, more tasks and projects are conducted as competitions: those doing the work are not paid unless they win. People work for a *chance* at pay. Rather than having a right to the proceeds of our labor by virtue of a contract, ever more of us are in win/lose situations where remuneration is treated like a prize. In academia, art, writing, architecture, entertainment, and design people feel fortunate to get work, to get hired, to get paid.

The Obama administration has given "inducement prizes" a key role in its "Strategy for American Innovation." Explicit in its goal of amplifying competition, the White House wants to use "high-risk, high-reward policy tools such as prizes and challenges to solve tough problems."[35] But who is in a position to take such risks? Only those who are already "the haves," those with little to nothing to lose, those whose success does not depend on competition (even as competition is presented as what determines success). The prize as inducement does more than amplify the entrepreneurial risk presupposed in capitalist models of innovation; it alters it

such that the risk is distributed downward, transferred from the capitalist to the worker. Work performed may not be work remunerated. Winners get money; losers don't. The only link between the work and the remuneration comes from the prize giver, who is now in the position of judge, charitable giver, and beneficent lord with no particular obligation to those who have worked. Work as a collective enterprise, with multiple conditions and participants, all of whom depend on the "prize" for their livelihood vanishes. Workers don't even appear as workers; they are competitors, and then the winner and the losers.

Most prizes involve an element of prestige, that "extra something" associated with a prize. Discussing the "extra something" provided by brands like Nike, Žižek notes a kind of impossible limit position: although the capitalist ideally would like to be able to sell just a brand name and "get money for nothing," this is impossible "since nobody is prepared to pay for nothing more than a name."[36] More radical is the shift effected by a prize-based reward structure: workers pay to work. In the instance of one competition, appropriately called the "X Prize," competitors "spent 10 to 40 times the amount" of the award. The material costs were transferred onto the ones doing the work; they paid to do the work. For writers, bloggers, artists, and film-makers, working for less than nothing, paying for work, has become a commonplace (bringing with it the elimination of growing numbers of print newspapers in the US and cuts in numbers of paid journalists). In the form of an explicit governmental policy depicted as a competition, prizes usher in a new and acceptable relation to work bringing with them a likely decrease in opportunities for contract-based work and work for pay.

Insofar as prizes produce the one, the winner, they elaborate a form of exploitation and expropriation of the common particular to communicative capitalism—network exploitation.[37] Complex networks are characterized by a particular distributive pattern, "power laws." As theorized by Albert-László Barabási, under conditions of free choice and preferential attachment, nodes in a complex network will distribute themselves such that the top one or two get a lot and the majority get a little.[38] Academic citations, book sales, movie tickets, blog hits, and the distributed labor of creating of apps for smart phones all follow this pattern, one described in popular media as the 80/20 rule or the "winner-take-all" or "winner-take-most" characteristic of contemporary capitalism. In these examples, the general field out of which the one emerges is the common. Without the work of the many, the one would not emerge. Exploitation consists in stimulating the creative production of the field in the interest of finding, and monetizing, the one. Expansions in the field produce the one (hubs are an immanent property of complex networks). Such exploitation contributes to the expropriation of opportunities for income and paid labor, as

in the examples of print journalism and university presses. Network exploitation results in a de-waging of skilled, intellectual labor.

Drive is the “vanishing mediator” between the one and the many, the winner and the losers, the hit and the long tail. It accounts for the way neoliberalism manifests competition without competition. On the one hand, many need to be compelled to compete, to play and participate; they need to act as if they believe that capitalism mobilizes competition in order to inspire creativity and generate efficiency. On the other, not only do actual competitions redistribute the costs of work onto workers and eliminate direct obligations of employers to employees, but they also benefit those already possessing the material means necessary to compete, thus placing these material means as outside the very competitive processes that ostensibly produce them. Competitors are thereby rendered oddly passive, not creative producers at all. Drive is the “third level” linking subjective experience and objective exploitation, the fact that the latter depends on the “objective deception” or lie of the former.[39] Differently put, drive is the name of this reflexive turning back round upon itself or passivity at the core of activity.

Keep on knowing

As markets plummeted during the financial crisis, the mainstream media repeatedly intoned that financial instruments like collateralized debt obligations and credit default swaps were beyond our comprehension. Not only are they too hard for average citizens to understand, but Alan Greenspan couldn’t even understand them. In fact, as hundreds of lobbyists for the finance sector worked ceaselessly to teach US members of Congress, derivatives *can’t* be regulated, precisely because *no one* understands them. Beyond comprehension, they are beyond control.

Initially, finance porn (I have in mind here mainstream media treatment of the finance sector as well as the multiple books on the subprime mortgage crisis) lauded “quants” as the ones who actually knew what was going on. These nearly magical geeks, siphoned off from academia, used their advanced mathematics and high powered computers to identify statistical anomalies and price differentials and quickly capitalize them. The economic theory at the basis of their calculations, the Efficient Market Hypothesis, cast these profiteering moves as necessary and ethical: buying up underpriced assets helped move their prices to their proper place, back to equilibrium.

Other wizards then came up with alchemical strategies for managing risk, strategies that involved lots of borrowing (leverage) and shifting (structured investment vehicles). For example, many CDOs were new combinations of slices (tranches) of other CDOs that a bank had created but had been unable to sell. Their interrelation was circular; they contained each other yet were somehow able to transform this mutual containing into gold. With regard to the CDOs built out of subprime mortgage bonds, the supposition was that real estate would nearly always rise in value, that any declines in the housing market would be local rather than national, and that mortgage backed securities distributed risk so broadly as to dissipate it almost completely. Each one of these assumptions ended up being wrong. The CDOs' opaque, exotic names—Abacus, Carina, Gemstone—heighten the sense that one is approaching the inner sanctum of finance's arcane mysteries. At the heart of finance are impossible objects that create money, objects that incarnate futures. A Goldman Sachs trader described them in an email to his lover as "a product of pure intellectual masturbation, the type of thing which you invent telling yourself: 'Well, what if we created a 'thing,' which has no purpose, which is absolutely conceptual and highly theoretical and which nobody knows how to price?'"[40]

The powers that be allegedly at the helms of the big investment firms—Bear Stearns, Lehman Brothers, Merrill Lynch, Citigroup, Goldman Sachs—claimed that they both knew and didn't know what was going on as the financial markets heated up and burned out. On the one hand, their risk management strategies necessarily involved all sorts of bets and plans on what could happen. Their justification for the creation of credit default swaps (CDSs) was protection, security, prevention of the worst. On the other hand, the bankers and regulators claimed that the crisis was the once in a century event that no one could have predicted. *Finance is simply too complicated*. Under questioning at the Congressional hearings on the financial crisis, investor Warren Buffett (chief shareholder in Moody's ratings agency) said that he didn't know what Moody's was doing; he didn't know that it was making massive mistakes in rating mortgages and bonds before the crisis. Neither he nor anyone else could be expected to know. His own business is too complex for him to understand.[41]

Complexity displaces accountability. The big banks were not accountable because there were all sorts of things for which they couldn't account. To be sure, they can enjoy complexity, getting off on the obscure objects they create, abstracting themselves from the risks that are taken with pension funds and municipal bonds, reveling in a sense that their power puts them above it all. This is the sense at the heart of the culture of extreme bonuses, the only sense such excess makes. Outlandish bonuses inscribe the surplus inequality before which politicians and press bow down. Grossly unequal salaries would still inscribe the bankers in the same world as

the politicians, an economic world based in labor, production, and commodities rather than a financial world based in fantasies, bets, risks, and will.

Complexity displaces accountability onto knowledge. In documents that Goldman Sachs made available to the Senate Permanent Subcommittee on Investigations, the firm stated that it "did not have access to any special information that caused [it] to know that the US housing market would collapse."[42] The banks' actions were primarily reactive: "The firm's risk management processes did not and could not provide absolute clarity; they underscored deep uncertainty about evolving conditions in the US residential housing market. That uncertainty dictated our decision to attempt to reduce the firm's overall risk." Goldman describes its decisions as attempts to reduce its risk in conditions of uncertainty. Yet it fails to acknowledge how its decisions are part of these very conditions. It's as if Goldman only reacted to extreme conditions rather than created them. Not being able accurately to predict the future of the US housing market is not the same as not knowing that the large default rate of subprime mortgages issued after 2004 would threaten the value of the bonds for which they provided collateral and consequently of the CDOs comprised out of bundled slices of bonds. Nor is it the same as disavowing one's own role in the market, what Goldman Sachs alludes to when it mentions its decision to reduce risk. Its reduction of its own risk transfers this risk to other places, other investors, other firms. As Lewis argues, Goldman's bets against the subprime market amplified the chaos: "Goldman Sachs did not leave the house before it began to burn; it was merely the first to dash through the exit—and then it closed the door behind it."[43]

In Seminar XVII, Lacan associates the change from the discourse of the Master to university discourse with a change in the place of knowledge. In university discourse, which Lacan also views as capitalist discourse, knowledge no longer serves the Master. It is no longer knowledge of what the Master desires. Rather, knowledge occupies the place of the Master. For Lacan, this means that university discourse affirms nothing but knowledge. University discourse is all-knowing not in the sense that it knows everything but in a sense that it is fully comprised of knowing. Only knowing counts. When knowledge is in the position of Master, knowing cannot be mastered. It is Master.

Lacan sees in university discourse a "new tyranny of knowledge."[44] In its new position, knowledge isn't knowledge for a purpose, but knowledge as a command: "keep on knowing more and more."[45] Consequently, the tyranny of knowledge remainders the subject; the subject is at or as a loss. Knowledge isn't something that a subject assumes; it is a command, a drive, shaped around and through loss. The more knowledge, the greater the loss, and the more extensive becomes the gap between the movement of knowing more and more and the

possibility of subjectivizing this knowledge. It’s too complex. Complexity displaces accountability onto knowledge, but knowledge refuses it.

The university discourse provides an apparatus for thinking about drive as a social structure (or drive in terms of a set of discursive positions). It is particularly helpful as a diagram for analyzing the problem of knowledge and accountability in contemporary capitalism. A drive for limitless information confronts persons and things, who cannot subjectivize it, who can basically do nothing other than keep on. They are caught in an endless circuit—not a closed circuit, though, but a circuit that in its movement outward and back can alter, shift, disperse, and branch.

Democratic theorists mistakenly presume that the command to know more and more is a democratic demand, a demand that enables and empowers radical politics. The formula of the university discourse makes clear how knowledge in the position of Master disables a political subject: the addressee of the all-knowing is just any old object. To treat the command to keep on knowing more and more as if it were a demand that challenges the authority of the Master fails to grasp the change in the function and place of knowledge. In the terms of the four discourses, it mistakes university discourse for the discourse of the hysteric, a discourse that does address and challenge the Master. Treating the command to keep on knowing as if challenged the Master also disavows the way this injunction entraps its poor addressee in the circuit of drive: there will never be a knowledge that itself will be cause enough to stop, get out, do something else. Stopping, doing something else, is a matter of will and desire, not drive.

Conclusion

Drive as a category of political economy has repercussions for theorizing capitalism. Its reflexive circuit provides the loop connecting creation and destruction, activity and passivity, freedom and necessity. Reducible neither to natural laws of supply and demand nor empirical policies and practices, capitalism is inextricable from a third dimension, the “vanishing mediator” of the drive wherein the abstract becomes a component of the actual, fantasy formulates a truth, and knowledge is the condition of its own ineffectuality. Capitalism can—and does—destroy itself, but insofar as this destruction is an element of capitalism’s underlying dynamic, it doesn’t provide a way out, a step beyond; it is subsumed in advance as a necessary operation of the system. Communism can’t emerge by itself through the immanent development of capitalism’s own tendencies. A desire for something else has to cut through the “endless circular movement

of expanded self-reproduction.” Capitalism may produce its own grave-diggers, but its killers have to pull the trigger themselves.

[1]Nelson Schwartz and Eric Dash, “Questions for Banks That Put Together Deals,” the *New York Times*, April 20, 2010. Available at http://www.nytimes.com/2010/04/21/business/21cdo.html.

[2]Michael Lewis, *The Big Short* (New York: W. W. Norton and Company, 2010) 165. Much of my discussion is indebted to Lewis.

[3]Adrian Johnson, *Žižek's Ontology* (Evanston, Illinois: Northwestern University Press, 2008) 185.

[4]Slavoj Žižek, *The Indivisible Remainder* (London: Verso, 1996).

[5]Slavoj Žižek, *The Ticklish Subject* (London: Verso, 2000) 36.

[6]Žižek, *Indivisible Remainder*, 109.

[7]Slavoj Žižek, *The Parallax View* (Cambridge, MA: The MIT Press, 2006) 61.

[8]Žižek, *Ticklish Subject*, 291. See also, Jodi Dean, “Drive as the Structure of Biopolitics,” *Krisis* (2010) vol. 2. Available at http://www.krisis.eu/content/2010-2/krisis-2010-2-01-dean.pdf. Also see Adrian Johnston, *Time Driven* (Evanston, IL: Northwestern University Press ,2005).

[9]Slavoj Žižek, *Living in the End Times* (London: Verso, 2010) 132.

[10]Slavoj Žižek, *In Defense of Lost Causes* (London, Verso: 2008) 328.

[11]Lewis, 151.

[12]Žižek, *Ticklish Subject*, 297.

[13]Graham Bowley, “The New Speed of Money, Reshaping Markets,” the *New York Times*, January 1, 2011. Available at http://www.nytimes.com/2011/01/02/business/02speed.html?_r=1&pagewanted=2&ref=general&src=me.

[14]See the interview with Michael Hudson available here: http://www.therealnews.com/t2/index.php?option=com_content&task=view&id=31&Itemid=74&jumival=6000.

[15]See Slavoj Žižek, *Tarrying with the Negative* (Durham, NC: Duke University Press, 1993).

[16]Slavoj Žižek, *For They Know Not What They Do* (London: Verso, 1991) 215.

[17]Žižek, *Parallax View,* 60-61, and *In Defense of Lost Causes*, 301-303.

[18]For a more detailed discussion of neoliberalism see, Jodi Dean, *Democracy and Other Neoliberal* Fantasies (Durham, NC: Duke University Press, 2009).

[19]Justin Fox, *The Myth of the Rational Market* (New York: HarperBusiness, 2009) xii. See also Edward LiPuma and Benjamin Lee, *Financial Derivatives and the Globalization of Risk* (Durham, NC: Duke University, 2004) 35.

[20]Fox, xii.

[21]LiPuma and Lee, 34.

[22]Lewis, 77-78.

[23]Scott Patterson, *The Quants* (New York: Crown Business, 2010) 190.

[24]LiPuma and Lee, 105.

[25]LiPuma and Lee, 118.

[26]Branko Milanovic, “Two Views on the Cause of the Global Crisis,” *YaleGlobal* (May 4, 2009). Available at http://yaleglobal.yale.edu/content/two-views-global-crisis.

[27]Lewis, 179.

[28]Patterson, 197.

[29]Lewis, 77.

[30]Patterson, 194.

[31]Lewis, 165.

[32]Slavoj Žižek, *First as Tragedy, Then as Farce* (London: Verso, 2009) 37.

[33]Žižek, *Parallax View*, 60.

[34]Žižek, *Living in the End Times*, 212.

[35]Annie Lowrey, “Prizewinning Policy,” *Slate* (December 27, 2010). Available at http://www.slate.com/id/2279272?wpisrc=newsletter.

[36]Žižek, *Living in the End Times*, 211.

[37]For a discussion of communicative capitalism, see my *Democracy and Other Neoliberal Fantasies.*

[38]Albert-László Barabási, *Linked* (New York: Plume, 2003).

[39]Žižek,*Parallax View*, 60.

[40]Available at http://jdeanicite.typepad.com/i_cite/2010/05/infamous-fabrice-tourre-email-of-january-29-2007.html. See also Christine Harper, “Goldman’s Tourre Email Describes ‘Frankenstein’ Derivatives,” *Bloomberg* (April 24, 2010). Available at http://www.bloomberg.com/news/2010-04-24/-frankenstein-derivatives-described-in-e-mail-by-goldman-s-fabrice-tourre.html.

[41]Zach Carter, “Living Blogging the Ratings Agencies Hearing,” June 2, 2010. Available at http://www.ourfuture.org/blog-entry/2010062202/liveblogging-rating-agencies-hearing.

[42]Available at http://documents.nytimes.com/goldman-sachs-internal-emails#document/p11.

[43]Lewis, 209.

[44]Jacques Lacan, *The Other Side of Psychoanalysis. The Seminar of Jacques Lacan*, *Book XVII*, trans. Russell Grigg (New York: W.W. Norton, 2007) 32.

[45]Lacan, 105.