

**The Rise of Finance: Cultural Production and Politics in Mexico and Brazil after 1982**

by

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## Abstract

*The Rise of Finance: Cultural Production and Politics in Mexico and Brazil after 1982*

examines the impact of the rise of finance, or the turn from production-based forms of accumulation to financial ones, on cultural production, social life, and subjectivity in Mexico and Brazil in the period from the 1982 debt crisis to the present.

The first two chapters of this dissertation examine how cultural production reacts in the aftermath of the 1982 debt crisis and to the process of state and capital restructuring which follows. In the opening chapter, I trace how Jorge Volpi's *En busca de Klingsor*, in the face of financial indeterminacy, reconstitutes the racialized imaginary of the national popular, turning away from defining race via biology or culture, by specifying an "ontological" or moral division between good or bad subjects, which prefigures the emergence of the category of *delincuente* (a category not marked explicitly by biology or culture but which nonetheless does the work of race of distributing resources and selecting certain populations for premature death). The second chapter examines the same time period in Brazil and argues that the specificity of the post-82 period was not that of generalized *crisis* (as in the Mexican case) but one of hyperinflation. As a result, the recomposition of the national popular form of social control which cultural production participates in takes a different form: again, as a turn away from race thought as biology or culture, but which is replaced in the Brazilian case by a spatial division between the formal and

informal city (a division, I discuss, by drawing on contemporary heterodox Marxist cultural theory, as a form of “real abstraction”).

The chapters in part 2 of the dissertation argue that the post-2001 moment is marked by, in Brazil, what I term, “failed forms of financial corporativism,” or the attempted use of finance in the form of personal credit to bind subjects to the nation, and, in Mexico, a turn of the economy not to personal credit, but rather to “circulation” more generally (i.e., a turn away from the sphere of production into drug logistics, finance, and remittances) in which the state is unable to produce either processes of subjectivization or meaningful collectivities. Chapter 3 examines three transformations wrought by the massive entry of finance into Brazil after 2003: a form of (failed) financial corporativism, a projective structure of feeling, and on the level of the subject. In chapter 4, I track how, during the turn to circulation in Mexico, the corporativist structures of the developmental state have been replaced by a military-policing apparatus, which is no longer concerned with producing subjects and collectivities, and I examine how cultural objects from this period repeatedly return to the question of how to produce, in the absence of state-generated forms of collectivity, new forms of relation between the individual and the collective which could serve as a stay or defense to the predations of state and capital.

Finally, in the conclusion, I examine what the twin conditions of increasing surplus capital and surplus population mean for our thinking of politics in Latin America.

## Introduction

The early and mid-2000s witnessed a spate of books celebrating the seizure of political power across Latin America by a new set of social movements, the *marea rosada*. By the close of the decade, however, it was abundantly clear that the majority of these new “Left” governments were not only developmentalism in a new financialized and extractivist guise, but, more importantly, they were even less successful than their national populist forebears in addressing the contradictions of capitalist development. In Bolivia, the very miners and indigenous groups who brought Evo Morales to power have rioted. In Venezuela, after the death of Chavez, the most intensive discussions have been around how to undo the bureaucratization into the state of the “revolution from below.” In Brazil, millions have marched in the streets. And in countries, like Mexico, where there was never a Left turn, we have unparalleled death. What each country shares is that they have been unable to address in a substantial way, first, the changes that occurred in the new insertion of Latin American economies into the world economy after 1973 (the year of the first oil crisis and the United States’ exit from the Bretton Woods agreement) and, second, the specifically capitalist contradictions that have arisen from their new developmental strategies. That is, in each case, and throughout Latin America as a whole, the Left turn has doubled down on capitalist development and (failed) finance-led accumulation (i.e, expansion of stock markets, derivatives, and personal credit). The inability to propose, indeed to even think, something beyond the developmentalist program first conceived in the 1930s and 1940s and the need to be able to do so form the horizon of this project. While this dissertation is

focused on the linkages between political economy, culture, and social theory, it is the tepid return of state-led, partially ameliorative, fully financialized responses to the long downturn of capitalism since the end of the 1960s and early 1970s that has provided the background, framing, and motivation for it.

Indeed, the last forty years in Latin America, since the beginning of the end of the post-war boom, have been nothing if not a history of crisis. Starting with the Mexican currency devaluation in 1976, the landmarks of the subsequent decades bare the names *crisis* and *crack* (i.e., the Spanish term for stock market crash) and the restructurings of this period are often both preceded and followed by crashes, crises, or failures of attempted finance-led accumulation. This dissertation, then, is an attempt to take this history of crisis seriously and to think *finance* as a central category of Latin American cultural and political economy of the last forty years—with the aim of setting the stage for a potential rethinking of political forms of intervention into this on-going crisis.

I affect this centering of finance by focusing on two countries, Mexico and Brazil, which I have chosen for the rich set of comparative possibilities they offer. Both countries, one with and one without a (formal) dictatorship, take on massive amounts of debt in the 1970s. Both pass through the 1982 financial crisis, but with different paths: Mexico is ground zero of the crisis, while Brazil is almost able to keep its creditors at bay (before they finally agree to a credit bailout in 1983 [Oliveri 120]). Similarly, both have major crises in the 1990s, but their shape and temporality are distinct. While in the post-2001 period, their paths diverge, with Brazil massively expanding consumer credit as a form of financial corporativism and Mexico making a turn to circulation that brings along with it mass destruction and death. This project, thus, does not claim to say everything that is possible about finance in Latin America, nor even in these two

countries, rather my primary aim is to make finance perceptible as a social force and to trace a few of what feel like its most important inflections.

### A Brief History of Finance in Mexico and Brazil

The historical argument that frames this project is that the rise of finance is the centerpiece, in Latin America, of a response to failing capital accumulation, the end of the post-war cycle of expansion, and the beginning of the long downturn that occurs in the late 1960s and early 1970s. The uneven rise of finance from the 1970s to the present is a process that occurs, roughly, in three stages that created a new financial integration of Latin American countries into international capital circuits and a new financial architecture for processing, receiving, and mitigating flows of finance capital and redirecting them internally. To center finance as a social force, it is necessary to have some sense of these processes, the new architectures, and finance's history in the region. Thus, in the following, I trace three stages of finance—dwelling mostly on the most recent period—and develop a comparative framework for Mexico and Brazil, placing them into the context of a longer historical frame of Latin American capitalism.

Since the independence of Latin American nations, there have been three major forms or periods of integration of Latin American countries into the world market: resource extraction (running from the end of the 1900s to Great Depression), the import substitution period (post-WWII to 1973), and the subsequent period of the long downturn, crisis, and failed forms of finance-led accumulation. Each form of integration has implied a specific financial architecture and a means for controlling commodity chains and flows. The establishment of resource extraction economies in the middle of the nineteenth century brought with it the construction of rudimentary pieces of what we would now recognize as a modern financial architecture: banks,

forms of credit, consolidation of national (as opposed to regional) currencies, and, more importantly for our narrative, foreign debt (most often in the form of bank loans or lines of credit for specific governments). The stock market crash of 1929 and subsequent Great Depression wiped out lending to Latin American countries—which did not start again until after the Second World War (Drake 50; Griffith-Jones 26).

Within the post-WWII international architecture, many Latin American countries opted for some form of developmentalism, often in the form of import-substitution strategies [ISI]. By the mid-1960s however it was clear, that the first stage of ISI (commodity good production for domestic markets) was beginning to hit growth ceilings and that countries would have to switch to the production of capital goods, in particular heavy industry and machinery. The reasons for the failure of this switch continue to be debated,<sup>1</sup> but here we have our first divergent temporality between Mexico and Brazil. In Brazil, the slowing of the post-war boom was registered in the early 60s—this accounts, in part, for the military takeover of 1964, a coup that installed a new national development plan and significantly reconstituted the country’s financial structure in an attempt to attract foreign investment flows. In Mexico, the slowdown, while perceptible at the end of the 1960s, doesn’t fully register until 1973 and the first oil shock—although Mexico as early as the 1950s begins to seriously court international capital flows.<sup>2</sup> What both countries have in common, however, is that during the late 1960s and throughout the 1970s they turned to foreign debt as a way of attempting to grow themselves out of the end of the post-war boom—a strategy, which we will see, had disastrous consequences. What is important for our narrative is

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<sup>1</sup> See for example Enrique Dussel Peters *Polarizing Mexico: The Impact of Liberalization Strategy* (Boulder, CO: Lynne Rienner, 2000) and Fernando Ignacio Leiva *Latin American Neostructuralism: The Contradictions of Post-Neoliberal Development* (Minneapolis: University of Minneapolis Press, 2008).

<sup>2</sup> After the Second World War, the Avila Camacho administration settled Mexico’s outstanding international obligations, including outstanding debt to oil companies who had been expropriated in 1938, as a means of clearing the slate to look for foreign capital to finance industrial expansion. The Alemán administration furthered this policy and openly invited foreign capital to “participate in Mexico’s economic development” (Wright 73).

that in many Latin American countries at various points in the 1960s and beginning of the 1970s, as much as in the global North, the limits to the post-war model became evident. What follows is a history of crisis, which is at the same time a history of the rise of finance and a series of failed attempts at restarting a new cycle of global capitalist accumulation.<sup>3</sup>

Generally speaking, however, the first turning point in Latin America of the crisis of the post-war boom was the 1973 oil shock. Towards the end of 1973 and into 1974, in response to the United States pulling out of the Bretton Woods agreement (which effectively decreased the amount of dollars received per barrel) and the Yom Kippur war, OPEC countries increased the price of a barrel of crude from US\$ 3 to 12. While the effects of the increase in price of this key industrial input and consumer good was felt throughout the world, its most important outcome in Latin America was financial. The dramatic increase in oil prices meant enormous sums of dollars accumulated in Arab countries, and, in the midst of the general world-wide economic downturn, there was no profitable place to invest them.<sup>4</sup> This excess capital was, in part, recycled through the Euro-dollar market into loans to Latin American countries. As a result, financial profits, in particular from this process of recycling petrodollars into Latin American debt, became a partial solution to the declining rate of profit in the United States: by 1976, for example, interest

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<sup>3</sup> This is not to say, as is discussed in more detail in chapter 3, that there is not a recovering of the rate of profit at certain points or new expansion, in particular in the extractive industries in Brazil. But even in Brazil it can be difficult to determine how much of this apparent expansion and accumulation was inflated by state investment.

<sup>4</sup> This sequence of events has received a number of important treatments: Susanne Soederberg, *The Politics of the New International Financial Architecture: Reimposing Neoliberal Domination in the Global South* (London: Zed Books: 2004); Stephany Griffith-Jones and Osvaldo Sunkel, *Debt and Development Crises in Latin America: The End of an Illusion* (Oxford: Clarendon Press, 1986); Ernest J. Oliveri, *Latin American Debt and the Politics of International Finance* (London: Praeger, 1992); Pablo González Casanova and Hector Aguilar Camín (eds.), *México Ante La Crisis* (México: Siglo XXI, 1985); Luiz Gonzaga Belluzzo and Júlio Gomes de Almeida, *Depois da Queda: A Economia Brasileira da Crise da Dívida aos Impasses do Real* (Rio de Janeiro: Civilização Brasileira, 2002); Jeffrey A. Frieden, *Debt, Development, and Democracy: Modern Political Economy and Latin America, 1965-1985* (Princeton, NJ: Princeton University Press, 1991); Carlos Morera Camacho, *El Capital Financiero en México y La Globalización: Límites y Contradicciones* (México: Ediciones Era, 1998); Julio Gambina (ed.), *La Globalización Económico-Financiera: Su Impacto en América Latina* (Buenos Aires: CLASCO, 2002); Institute of Latin American Studies, *The Debt Crisis in Latin America* (Stockholm: ILAS, 1986); and Thomas Marois, *States, Banks and Crisis: Emerging Finance Capitalism in Mexico and Turkey* (London: Elgar, 2012).

payments from Brazil on foreign debt represented 20% of Citibank's bottom line (Roddick 65). It took only a few short years for the first signs of the disjunct between attempts at finance-led growth and actual GDP growth to manifest: Brazil has a major stock market crash in 1971 and Mexico in 1976 declares what will be the first of many currency devaluations, and we witness the first of what will become increasingly severe financial crises in both countries.

During this same time, also as a response to the end of the post-war boom, a new international financial architecture was being built. The centerpiece of this new architecture was the effective end of the Bretton Woods agreement or the switch from national currencies being tied to the gold standard to a system of floating exchange rates, where national currencies are directly convertible into one another via currency markets. This had two important results. First, it allowed for the proliferation of fiat money or credit money, as money creation is no longer fractionally tied to the amount of gold held by a country. Second, the U.S. dollar quickly became what Marxist economists term "world money"; that is, as the largest economy, the dollar is the safest currency to hold, meaning it becomes the de facto currency for international transactions. This has numerous negative consequences for economies in the global South; the most important being that it creates a new link between U.S. interest rates and foreign debt (Correa, Vidal and Marshall 264).

From 1975 to 1983, Latin American external debt quadrupled from \$75 billion to more than \$300 billion and grew from 26 to 50% of the region's total GDP (Rodriguez Mendoza 69). Much of this debt was short term debt (turned over every several months) and contracted directly by governments from commercial banks. What happens during the 1970s is that the United States slowly starts to raise its interest rates, to try to control inflation at home and to maintain the hegemony of the U.S. dollar as world money, and consequently this increases the interest

rates Mexico and Brazil (as well as many other countries) were paying on their foreign debt. The situation comes to a head in 1979 when Paul Volcker takes over the Federal Reserve. In the face of the appreciation of the mark and the yen, he allows the federal intra-bank rate to rise from 10% in 1979 to over 20% in 1981, which raises dramatically the interest rates Mexico and Brazil are paying on their short-term debt. By 1982, Mexico is no longer able to roll over its debt and Brazil as well is unable to find lenders willing to lend, and the first major, catastrophic, financial crisis of the post-war period sweeps through Latin America.

The 1982 debt crisis gave rise to a new set of instruments and institutions for attempted financial accumulation and new forms of integration into the international financial system. The debt crisis dragged on inconclusively throughout most of the 1980s and inflation, especially in Brazil where it hit 223.8% in 1983 (Skidmore 254), returned as a critical problem, until a plan was hatched to convert the outstanding debt into sovereign debt in the form of bonds. Up until this time most state debt in Latin America was contracted directly from foreign banks (as lines of credit, etc.), however, after the implementation of the Brady Plans (named after then-U.S. Treasury Secretary Nicholas Brady) throughout the region, states began to issue their own debt. The Brady Plans were debt restructuring plans in which Latin American countries ceded much control over their economies for a small measure of debt relief, while having their debt restructured into new forms of sovereign debt, allowing U.S. and European banks and financial institutions to continue extracting financial rent.<sup>5</sup> As a part of this new orientation, both capital

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<sup>5</sup> Discussions of the Brady Plans can be found in the U.S. House of Representatives proceedings *The International Debt Crisis: A Review of the Brady Plan*. Hearing Before the Subcommittee on International Economic Policy and Trade of the Committee on Foreign Affairs, House of Representatives, One Hundred First Congress, First Session, April 19, 1989, Volume 4 and *Third World Debt: Public Reaction to the Brady Plan*. Hearing Before the Subcommittee on International Development, Finance, Trade, and Monetary Policy of the Committee on Banking, Finance, and Urban Affairs, House of Representatives, One Hundred First Congress, First Session, April 5, 1989. Retrospective discussion of the Brady Plans and this period of restructuring can be found in: Ross P. Buckley and Douglas W. Arner, *From Crisis to Crisis: The Global Financial System and Regulatory Failure* (New York: Kluwer Law International, 2011); Joseph E. Stiglitz and Daniel Heymann (eds.), *Life After Debt: The Origins and*

accounts and trade are liberalized, in Mexico as part of NAFTA in 1994 and in Brazil under the Plano Real (starting in 1993). The conversion of the outstanding debt was also accompanied by the creation of a new set of institutions, including stock markets and pension funds, and new derivative and securitization instruments, all of which will play key roles in the next round of crises.

This new architecture of sovereign debt and stock markets sets the stage for the second series of financial crises that strike Mexico and Brazil (Mexico in 1994/5 and Brazil in 1999). Trade liberalization means that national markets are flooded with consumer goods and industrial inputs, and companies begin to absorb hot financial inflows through the stock market and other channels. At the time, it was believed that rising primary and assembly exports would allow central governments to pay off the negative trade balances generated by trade liberalization. Unfortunately, what happened was that imports greatly outnumbered exports and central banks began to borrow to cover their currency account imbalance by releasing government bonds into the market. Eventually current accounts became so imbalanced that the governments of Mexico and Brazil could find no one to buy their bonds in order to roll over their debt. The “Tequila” crisis hits in Mexico in 1994-5; Brazil experiences a similar crisis in 1999 in the wake of currency crises in East Asia and Russia.

If the liberalization of capital accounts and creation of new forms of sovereign debt were two keys to the rise of finance in both Mexico and Brazil (both forming part of a much more complicated process in each country), after the crashes of the 1990s, both countries have intensified the turn to finance but in different ways (which I discuss in more detail in the opening to chapters 3 and 4). Here we can point to at least four important similarities and differences to

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*Resolutions of Debt Crisis* (New York: Palgrave, 2014); and Duncan Green, *Silent Revolution: The Rise And Crisis Of Market Economics In Latin America* (New York: Monthly Review Press, 1995).

their internal financial architectures and their world-economy integrations. In Mexico, banks became foreign-owned in the wake of the 1994/5 crisis—from 1994 to 2002, the percentage of foreign ownership rose from 1% to 80% (Correa 172); while Brazil held onto its state owned banks (2 of the 3 largest in the economy today are still state owned). In both Mexico and Brazil, new financial instruments (such as derivative, swaps, options) are now regularly used by both businesses and governments,<sup>6</sup> but Brazil depended more heavily on an expansion of consumer credit (Mexico turns to mortgages to finance construction, but the market is unstable and wiped out by the 2008 financial crash and an additional crisis in 2013).<sup>7</sup> Moreover, in both Mexico and Brazil, starting in the late 1990s, large companies became increasingly financialized. Having since the 1980s sought financing in international capital markets instead of through domestic or international banks, these large companies enter an intensive processes of borrowing foreign capital in order to internationalize themselves (in effect, following the same strategy of multinational expansion pioneered by U.S. and European companies in the 1970s and 80s).<sup>8</sup>

If Sartre, in 1960, stated that Marxism was the insuperable horizon of that historical moment, it would appear that for the Latin American present that horizon is finance (7). It is

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<sup>6</sup> For discussions of derivatives usage in Mexico and Brazil see: Annina Kaltenbrunner and Juan Pablo Paineira, “Financial Integration Intensifies New Vulnerabilities: Brazil in the Global Financial Crisis,” accessed November 1, 2015, <https://www.soas.ac.uk/cdpr/publications/dv/file55420.pdf>; Randall Dodd, “Exotic Derivatives Losses in Emerging Markets: Questions of Suitability, Concerns for Stability,” accessed November 1, 2015, <http://www.financialpolicy.org/kiko.pdf>; Donald J. Mathieson, Jorge E. Roldos, Ramana Ramaswamy, and Anna Ilyina, “Emerging Local Securities and Derivatives Markets,” accessed November 1, 2015, <https://www.imf.org/external/pubs/ft/wef/2004/derivmkt.pdf>; Roberto Soto Esquivel, *Especulación e innovación financiera. Mercados de derivados y consecuencias macroeconómicas en México* (México: Miguel Ángel Porrúa, 2010); and Antonio Mendoza Hernández, “Financiarización y ganancias de corporaciones en México,” accessed July 17, 2015, <http://www.journals.unam.mx/index.php/ROF/article/view/23068>.

<sup>7</sup> See Whitney Eulich and Lauren Villagran, “In Mexico, low-income homeowners watch their dreams crumble,” accessed March 17, 2015, <http://www.csmonitor.com/World/Americas/2013/0626/In-Mexico-low-income-homeowners-watch-their-dreams-crumble> and Pan Kwan Yuk, “Mexican homebuilders: a cautionary tale for EM bond investors,” accessed March 13, 2015, <http://blogs.ft.com/beyond-brics/2013/05/31/mexican-homebuilders-a-cautionary-tale-for-em-bond-investors/>.

<sup>8</sup> A good example of this is the Mexican *grupo* CEMEX, which during the 2000s, turned itself into the third largest cement supplier in the world, with operations in over 50 countries using short term debt financing to effect merges and acquisitions in other regional markets. As a result, in 2008 after international credit markets froze in the wake of the U.S. financial crisis, CEMEX required a bailout from the Mexican government in order to avoid bankruptcy, even though now it realizes only 16% of its sales in Mexico (Mendoza 166).

difficult to find an aspect of social life that has not been touched by finance's rise, from the subject, to social relations, to the shape of power and domination. To understand, however, the consequences finance has had for social theory and cultural critique, we need to move from a historical plane to a conceptual one and from description to explanation. Beginning to frame the social and cultural effects of finance, means taking positions regarding some of the key debates surrounding finance, such as: Has finance overtaken, escaped from, or entirely merged with the productive economy? Does the rise of finance represent a continuation of capitalist exploitation or its obsolescence? Has finance changed the process of subject formation by providing a new rationality to be followed, through the dominance of a new power relation expressed in debt, or through the proliferation of state violence as a necessary supplement for credit economies? In the next section, I give an account of some of the most important, on-going debates concerning finance and how this project inserts itself into them.

### Building a Conceptual Vocabulary for Finance

As is probably apparent by now, this project is marked by a deeper engagement with political economy than is perhaps common in many current works of cultural, or even social, critique. This is due to several reasons. First, while the North Atlantic has seen an explosion of interest in finance after the 2008 financial crisis, work on the political economy of finance in Latin America operates within a different set of temporalities. In some places, like Brazil, which actually has an interesting tradition of thought on finance capital but which was less affected by the 2008 crisis, finance is not a topic that has received a great deal of recent sustained attention.<sup>9</sup>

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<sup>9</sup> One university location where this does not hold true is amongst geographers and urbanists who have developed sophisticated analyses of the role of finance in the real estate and construction boom in the last decade in Brazil. See for example Daniel Sanfelici, "Financeirização e a produção do espaço urbano no Brasil: uma contribuição ao debate," *EURE: Revista Latinoamericana de Estudios Urbano Regionales*, 39(118); F. E. S Martins, *A (re)produção*

This has meant that occasionally I have had to do some of the spade work in a particular area. Second, even when there is sustained literature, whether in Latin America or the North Atlantic, when it comes to finance there is a great deal of debate and very little consensus. For example, there are enormous differences—which tend to be consistent internationally—between, to just stick with the critical left, post-workerist, heterodox Marxist, and post-Keynesian understandings of finance (not to mention debates internal to each of these approaches).<sup>10</sup> As a result, it is not possible—and this is a good thing—when thinking about finance to pull a term off the shelf and apply to it a cultural product or social matrix. Thinking about the social and cultural effects of finance means first defining what “finance” means in any given moment and this requires drilling down into, and occasionally pulling apart, a given political economic configuration. Finally, part of the attentiveness to political economy evidenced in this project is due to a conviction that after years of focus on the state, one of the tasks of cultural and social theory in the present is to test the question of how to bring capital back in. This project attempts to track, as the overcoding of the economic by the political characteristic of developmentalist and welfare states recedes, aspects of an emergent social formation and the political possibilities it opens up.

Attending to the political economy of finance has meant taking up a position on three questions: how to name or designate the processes around finance, how or why did they emerge, and how new are they? Instead of using a term like financialization or focusing on a single

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*social da escala metropolitana: um estudo sobre a abertura de capitais nas incorporadoras e sobre o endividamento imobiliário urbano em São Paulo* (Diss. Faculdade de Filosofia, Letras e Ciências Humanas da Universidade de São Paulo, 2010); S. A. Miele, *O movimento da economia financeira na dinâmica imobiliária de São Paulo* (Diss. Faculdade de Filosofia, Letras e Ciências Humanas da Universidade de São Paulo, 2008); L. Royer, *Financeirização da política habitacional: limites e perspectivas* (Diss. Faculdade de Arquitetura e Urbanismo da Universidade de São Paulo, 2009); and L. Z. Shimbo, *Habitação social, habitação de mercado: a confluência entre Estado, empresas construtoras e capital financeiro* (Diss. Escola de Engenharia de São Carlos, 2010).

<sup>10</sup> Throughout this dissertation, I use the term “heterodox Marxism” to name the various lineages of Marxist thought which broke with the political, philosophical, and political economic precepts of the Second and Third Internationals, the moment in which the position of “orthodox” Marxism (as historical and dialectical materialism) was consolidated. The heterodox tradition includes thinkers such as Lukács, Benjamin, and Adorno, as well as Latin American writers such as Mariátegui, Marini, and Echevarría.

metric like an increasing share of financial profits in a national economy—two common approaches across a variety of literatures<sup>11</sup>—in this project I think about the “rise of finance” institutionally and systemically, meaning I focus on the emergence and effects of new financial institutions, relations, and events in a given historical moment. One event which will be discussed at length in the first two chapters is the 1982 debt crisis and its aftermath. Another example would be the expansion of personal credit in Brazil in the period after 2003 (which is discussed in chapter 3). Moreover, financialization is a word that, now, like globalization, tends to obscure more than clarify, and metrics like financial participation in a national economy, while important, don’t allow for thinking about the effects of finance on social life and cultural production in a capacious sense. Because I am interested in finding ways to talk about, trace, and make visible these effects, I’m interested in the systemic, in the expansion, composition, and changes of the financial system as a whole. My generic term for this throughout the dissertation will be “rise of finance”—wherein I will always try to specify for a given historical moment what the key processes, institutions, and relations are that compose “finance” in that moment.

In the world of the North Atlantic where I am institutionally located, the importance of finance became undeniable after 2007-8. The aftermath of this crisis also witnessed an important expansion of work on finance in Latin America, in particular in Mexico—while Brazil has had a

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<sup>11</sup> See for instance: Samuel Lichtensztein, “Una Aproximación Metodológica al Estudio de la Internacionalización Financiera en América Latina,” *Economía: Teoría y Práctica*, March-April 2009, Volume 2, pp. 137-18; Herman Minsky, “Securitization,” accessed November 1, 2015, [http://www.levyinstitute.org/pubs/pn\\_08\\_2.pdf](http://www.levyinstitute.org/pubs/pn_08_2.pdf); Robert Guttman, *How Credit-Money Shapes the Economy: The United States in a Global System* (New York: M.E. Sharpe, 1994); Francois Chesnais, *La Mondialisation du Capital* (Paris: Syros la Découverte, 1997); Doug Henwood, “Booming, Borrowing and Consuming: The US Economy in 1999,” *Monthly Review*, 51 (3), 120–133; Gérard Duménil and Dominique Lévy, *Crisis y Salida de la Crisis. Orden y Desorden Neoliberales* (México: Fondo de Cultura Económica, 2007); Gerald Epstein (ed.), *Financialization and the World Economy* (London: Elgar, 2005); and Greta R. Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (Cambridge, MA: Harvard University Press, 2011). Summaries of recent literature on financialization can be found in Costas Lapavistas, *Profiting Without Producing: How Finance Exploits Us All* (New York: Verso, 2013) and Natascha van der Zwan, “Making Sense of Financialization,” *Socio-Economic Review*, 12(1): 99-129.

fairly strong, if not always remembered as such, tradition of attention to finance capital in the context of development stretching back to the work of Maria da Conceição Tavares.

Concerning the how and why of the rise of finance and the return of (financial) crisis, there is, as is to be expected, little consensus. Liberals tend to see the problem as one of individuals or behavior, namely of greedy, speculative Gordon Gekkos wrecking an imperfect, but generally-raising-all-boats capitalism. Post-Keynesians tend to see the problem as one of deregulation or excessive liberalization which can be solved by state intervention. Post-workerists emphasize the breakdown of any separation between the real and financial economy. Amongst heterodox Marxists there is a debate between two positions: the majority position sees the rise of finance as caused by attacks on unions (i.e., neoliberalism) leading to credit provision to supplement wages, while the minor position argues that the rise of financial forms of accumulation was fueled by a secular declining rate of profit, meaning that since the late 1960s and 70s capital (in the North Atlantic and Latin America) has seen profits decline which has led to the expansion of fictitious capital and failed attempts at financial accumulation and profit-making.<sup>12</sup>

I cast my lot with this latter position because it appears to me to be the most accurate account but also because it enable us, in the terms of Robert Brenner, to speak of the period between, roughly, the end of the 1960s—with the first appearance of complications in the post-

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<sup>12</sup> Important works in the post-Keynesian tradition on finance include: James Crotty “Owner-manager conflict and financial theory of investment stability: a critical assessment of Keynes, Tobin and Minsky,” *Journal of Post Keynesian Economics* 12(4): 519-42; Gerald Epstein (ed.), *Financialization and the World Economy* (2005); and Robert Pollin, “The resurrection of the rentier,” *New Left Review* 46 (July/August): 140-53. Key post-workerist texts on finance include: Andrea Fumagalli and Sandro Mezzadra (eds.), *Crisis in the Global Economy: Financial Markets, Social Struggles, and New Political Scenarios* (Los Angeles: Semiotext(e), 2010) and Christian Marazzi, *The Violence of Financial Capitalism* (Los Angeles: Semiotext(e), 2011). Authors in the declining rate of profit tradition include Andrew Kliman, *The Failure of Capitalist Production: Underlying Causes of the Great Recession* (Ann Arbor: Pluto Press, 2011) and Robert Brenner, *The Economics of Global Turbulence: The Advanced Capitalist Economies from Long Boom to Long Downturn, 1945-2005* (New York: Verso, 2006). Authors who see the rise of finance as caused by non-rate of profit factors include: Gérard Duménil and Dominique Lévy, *The Crisis of Neoliberalism* (Cambridge, MA: Harvard University Press, 2011) and Costas Lapavistas, *Profiting Without Producing: How Finance Exploits Us All* (New York: Verso, 2013). Leo Panitch and Sam Gindin’s *The Making of Global Capitalism: The Political Economy of American Empire* (New York: Verso, 2012) also contains a critique of rate of profit positions.

war model of capitalism—and the present day as the “long downturn.”<sup>13</sup> The long downturn is defined by the exhaustion of a certain level of technological productivity and the inability of capitalists to start a new cycle of accumulation. This approach I find helpful as it allows us to see many of the phenomena which have appeared in the intervening years, most notably the spatialization of production, internationalization of labor markets, and the rise of finance, as attempts to weather this storm of the long downturn by attacking labor, increasing the speed of circulation of money and goods, and producing fictitious value. Politically, I find this perspective useful as well because it demonstrates that these phenomena, especially those connected to finance, cannot be “solved” by regulation or moral bromides—which are the positions one most often encounters amongst progressives or self-identified members of the “Left.” The financial crises that have lashed Latin America over the last forty years have their roots in a crisis in production, in a limit internal to capital. As such, they will not end until either a new cycle of accumulation is started or capitalism is abolished.

However, it is important to locate this long downturn in a longer historical frame, which can be done by drawing on the work of Giovanni Arrighi. I find this to be important because frequently commentaries on recent financial crises, “financialization,” or “speculative” or “finance capitalism,” conceive of the present moment of finance’s expansion as unique or singular and, as a result, are infected with a nostalgia for the moment of the welfare or developmentalist state (as a kind of Edenic moment before the emergence of bad finance).

Arrighi’s pathbreaking work in *The Long Twentieth Century* (1994) demonstrates how the rise of finance in the late twentieth century was not a new phenomenon. Rather, he argues that

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<sup>13</sup> Work on the rate of profit in both Mexico and Brazil demonstrate a generally declining trend from the end of the 1970s to the present. For Mexico see Abelardo Mariña and Fred Moseley, “The Rate of Profit in the Postwar Mexican Economy, 1950-1993,” in R. Baiman et al. (eds.), *The Political Economy Reader* (Armonk, NY: M.E. Sharpe, 1999), pp. 184-192. For Brazil see Michael Roberts, “Brazil: The Carnival is Over,” accessed November 1, 2015, <https://thenextrecession.wordpress.com/2013/07/02/brazil-the-carnival-is-over-2/>

*systematic cycles of accumulation* are split into two moments, a productive moment where capitalists invest some of their profits in the expansion of the means of production and a second stage wherein capitalists in a geographical center are able to realize higher profits by pulling their capital out of the productive apparatus and placing it into finance, which then expands. For Arrighi, there have been four such waves, the first dominated by Italian city states, the second by the Dutch, the third by the British empire, and the last defined by U.S. hegemony in the post-war period. The present expansion of the financial sector and proliferation of new financial institutions, instruments, and relations is, for Arrighi, a consequence of a “switching crisis” or the decline of the last U.S.-led systemic cycle of accumulation.

Though throughout this project I use the phrase “rise of finance,” I never mean it in the sense of “for the first time,” but rather in the sense of the most recent rise or return of finance. As I have argued elsewhere,<sup>14</sup> we can think of the history of capitalism in Latin America from the late nineteenth century to the present as defined by three expansionary waves, each accompanied by a set of financial flows: a first wave, starting in the 1870s at the beginning of the Porfiriato during a global depression as British capital and American investment expand outward sinking huge sums of money into railroads and mining and as French and German capital flows into early manufacturing industries. The second wave is the post-war boom as American capital pours into Mexico and other large countries first in the form of multinational foreign direct investment and after as U.S. government aid. The third wave extends from 1973 to the present, the wave of financial expansion without an accompanying expansion of production, leading to bubbles, crashes, and devaluations: 1976, 1982, 1987, 1994/98, and 2008. To summarize, what we are witnessing in the present, the chasing of financial profits and failed forms of financial

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<sup>14</sup> See “From ‘Stabilizing Development’ to Instant Ruins: Notes on Mexican State Form”

accumulation, is the result of a secular declining rate of profit or switching crisis or, in plainer English, the lack of a new expansionary wave of capital.

So far perhaps all these debates and position-taking seem disconnected and far from our stated objective of investigating how the rise of finance has impacted social and cultural life. However, arguments over the why and how of finance's emergence underpin the various approaches that have been taken to understand finance's impact. One way of dividing up the social and cultural theory works on finance is to see them as structured around a divide between approaches that privilege the "newness" of finance and those that look first to its continuities with prior forms of capital or credit. An example of the first approach would be work that examines either how finance imposes a new logic, rationality, or "script" which subjects are required or invited to take up or how a specific financial innovation, like derivatives, comprises a new "social logic" which comes to shape social relations.<sup>15</sup> These approaches, while not always directly basing themselves in historical arguments about political economy, tend to emphasize the newness of finance. An example of the second approach which emphasizes continuities would be David Graeber's widely read *Debt: The First 5,000 Years*, which explains the financialized present by rethinking our understanding of the history and social form of debt, or Maurizio Lazzarato's work on credit and debt, which similarly attempts to define our subjection

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<sup>15</sup> This would include some work in the social studies of finance field such as Caitlyn Zaloom, *Out of the Pits: Traders and Technology from Chicago to London* (Chicago: University of Chicago Press, 2006); Karin Knorr Cetina and Alex Preda (eds.), *The Sociology of Financial Markets* (Oxford: Oxford University Press, 2004); and Arjun Appadurai, *Banking on Words: The Failure of Language in the Age of Derivative Finance* (Chicago: University of Chicago Press, 2015). It is also descriptive of some of the work on everyday financialization and governmentality and finance such as Paul Langley, *The Everyday Life of Global Finance: Saving and Borrowing in Anglo-America* (Oxford: Oxford University Press, 2008); Randy Martin, *Financialization of Daily Life* (Philadelphia: Temple University Press, 2002); and Liz McFall, *Devising Consumption: Cultural Economies of Insurance, Credit and Spending* (New York: Routledge, 2015). Works emerging from theoretical or philosophical locations could be included as well, in particular Edward LiPuma and Benjamin Lee, *Financial Derivatives and the Globalization of Risk* (Durham: Duke University Press, 2004).

to debt by scaffolding a genealogy for this form of subjection that stretches back into the nineteenth century.

In this project, I draw heavily on a position, which shades into the second camp, based in the work of heterodox Marxist cultural critics of finance Joshua Clover and Annie McClanahan, but which proposes a different kind of continuity.<sup>16</sup> Clover and McClanahan have articulated a position which sees finance as a form of temporal arbitrage or as a means of realizing future surplus value in the present and, as such, intimately connected (rather than opposed) to production.<sup>17</sup> In this approach, attempted forms of financial accumulation consist in the proliferation of claims on future value production. Rather than reading finance as primarily a logic or rationality or in continuity with historical forms of credit or debt as a system of subjection, I will think about finance, whatever the instrument or institution, as producing a claim on future value production. As such, finance produces the conditions for crisis as there is always a moment where some of these claims on or promises to deliver value do not materialize. The subprime crisis of 2008 is one such moment, as is the 1982 debt crisis in Latin America. I primarily deploy this approach to finance in chapter 1, where I track how a crisis of claims on future value impacts cultural production, and in chapter 3, where I examine the proliferation of personal credit and its consequences for subject formation and social relations. However, this

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<sup>16</sup> See Annie McClanahan, *Dead Pledges: Debt, Crisis, and Twenty-First Century Culture* (Palo Alto, CA: Stanford University Press, forthcoming) and “Investing in the Future: Finance Capital’s Philosophy of History,” *Journal of Cultural Economy* 6.1 (2012): 78-93 and Joshua Clover, “Autumn of the System: Poetry and Finance Capital,” *Journal of Narrative Theory*, 41.1 (Spring 2011): 34-52 and “Value | Theory | Crisis,” *PMLA* 127(1): 107–114.

<sup>17</sup> There has been an explosion of work in literary studies in the last ten years within which their work has been influential or with which their work is in conversation. See: Mary Poovey, *Genres of the Credit Economy: Mediating Value in Eighteenth- and Nineteenth-Century Britain* (Chicago: University of Chicago Press, 2008); Morgan Adamson, *The End of the Gold Standard: Finance, Crisis, and the Cinema of the New Left, 1967-1974* (Diss. University of Minneapolis, 2012); Anna Kornbluh, *Realizing Capital: Financial and Psychic Economies in Victorian Form* (New York: Fordham University Press, 2014); and Leigh Claire LaBerge, *Scandals and Abstraction: Financial Fiction of the Long 1980s* (New York: Oxford University Press, 2015).

fundamental way of reading or thinking finance structures this dissertation as a whole and reappears in different guises in each of the chapters.

### Finance in the Field of Latin American Studies

Within the broadly conceived field of Latin American studies my project dialogues with two traditions: dependency theory and the contemporary authors who maintain its critical legacy and Latin American subaltern studies and current formations of critical Latin American studies. I want to specify in each case what my engagement looks like and what a perspective that focuses on finance may or may not have to contribute to each.

There have been a number of recent returns and re-conceptualizations of dependency theory, but, following Cristobal Kay, I would distinguish between two primary currents, reform and the revolutionary, within its textual corpus (126). The reform current would be composed of authors like Raúl Prebisch and Fernando Henrique Cardoso, or those whose primary focus was how to make development possible in Latin America under a given set of international conditions. The revolutionary current, comprised of writers like Theotonio dos Santos and Ruy Marini, argued that development was impossible in Latin America under current conditions and a political solution or event was required to make “development” possible (i.e., a socialist revolution). What all dependency authors share, however, is the use of a conceptual device aimed at making visible forms of exploitation between global regions or between individual countries. In Prebisch, this device took the form of “declining terms of trade,” which meant that agricultural producers in the non-industrialized periphery would receive less for their products over time (12; 13-14). With Marini, it took the form of the overexploitation of peripheral

proletariat, which made growth and higher living standards possible in the capitalist core (13-15).

These conceptual figures for envisioning regional or exploitation that occurs at the international level filter forward into authors who, while not directly of the dependency theory tradition, are the inheritors—partially at least—of its critical tradition today in Latin America. This is especially so when it comes to attempts on the part of heterodox economists and social theorists to understand the rise of finance—as, for the most part, the way finance has been thought is as a form or device of exploitation between the global North and South.

It is important to note, however, that on the question of finance the country-specific traditions of critical thought in Brazil and Mexico part ways. Because of the way the far right seized power during the dictatorship in Brazil, the critiques of the intellectual left of economic and social transformations during the dictatorship were frequently more free-ranging than those in Mexico, where the work of most critical intellectuals is marked by a support for some version of nationalist development. What separates Brazilian from Mexican authors is, in particular, the early emphasis of the former on finance.<sup>18</sup> For example, Maria da Conceição Tavares' classic 1971 book is entitled *Da substituição de importações ao capitalismo financeiro* and Ruy Marini's argument for Brazil as a subimperial power (that is, as subjugating other Latin America countries) was derived from the way the dictatorship had strengthened and had come to depend on finance capital ("Subimperialism" 16-17).

Having said that, after the 1982 debt crisis it became much more common in both Mexico and Brazil, and across Latin America, to think about the effects of finance as a new form of

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<sup>18</sup> One at least partial exception to this in Mexico, though later than Conceição's work, is Víctor Manuel Figueroa Sepúlveda's *Reinterpretando el subdesarrollo: Trabajo general, clase, y fuerza productiva en América Latina* (México: Siglo XXI, 1986).

domination or a new form of dependency.<sup>19</sup> This is a perspective that continues to be hegemonic today.<sup>20</sup> To give just one example, the work of Correa et al. on financialization in Mexico argues that financialization has been a “passive and largely external process” (9) or a means of extracting financial rent and sending it abroad. The rise of finance has certainly been a project of reimposing domination, but to see it as primarily or solely an external or process in which Latin American countries have not participated actively is to miss an important part of finance’s rise. My project focuses on this other part of the story, on how the rise of finance has internally transformed the social and cultural spaces of Mexico and Brazil. While my work acknowledges the fundamental insight of dependency theory of the existence of gradients or differentials of power internationally, the tendency to not push beyond a merely exogenous explanation—which we can find *in nuce* in Brazilian dependency theory-centric critiques of the dictatorship—misses how deeply finance and circulation have altered everyday life.

The inheritors of dependency theory who have carried on its critical tradition in order to make sense of the financial crises of the 1980s and 90s and the transition to neoliberalism are mainly located in economics and the social sciences. The formation that has dealt in the most detail with the political and cultural consequences of these years of transition has been the Latin American Subaltern Studies group, which is the other critical tradition from which my work draws. Though the work and legacy of the group remains contested to this day, I want to bring out several characteristics of the formation which have been important for my own work.

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<sup>19</sup> See Maria da Conceição Tavares and J. L. Fiori, *Poder e dinheiro, uma economia política da globalização* (Petrópolis: Editora Vozes, 1997).

<sup>20</sup> Though there are important exceptions, in Mexico see Roberto Soto Esquivel, *Especulación e innovación financiera. Mercados de derivados y consecuencias macroeconómicas en México* (México: Miguel Ángel Porrúa, 2010) and in Brazil, Roberto Grün, “Financeirização de esquerda,” *Tempo Social, revista de sociologia da USP* 21(2): 255-297.

The Latin American Subaltern Studies group was, as the name implies, inspired by the work of the Indian Subaltern Studies group which had used Gramsci's notion of the subaltern as a means for rewriting colonial Indian history and Gramsci's notion of hegemony for explaining the peculiar forms of domination of the British occupation (Guha's "dominance without hegemony"). The Latin American group that formed in the early 1990s (disbanding towards the end of the decade) emerged from within a slightly different historical context, namely that of the fall of the Berlin Wall in 1989 and the defeat of the Sandinistas in the 1990 elections. As much of the world and Latin American intellectual and political scene transitioned to a "there is no alternative" position, the Latin American Subaltern Studies group—though a contested set of experiences—was an attempt to keep open a space for critical thinking in the post-Soviet, possibly post-revolutionary era.<sup>21</sup>

Much, but far from all, of the work emerging from the group used one of the various definitions of subaltern which had emerged (Gramsci, Guha, and Spivak's being the most common) often in tandem with a notion of hegemony. In the more deconstructive wing of the group, the subaltern was thought as that which undoes, breaks from, or marks the constitutive limit of the hegemony of the nation-popular state's cultural politics. As such, the subaltern-hegemony tandem was frequently deployed to describe a socio-historical matrix formed by the developmentalist state, U.S. state, and/or university discourse as characterized by a high-level of administration, consensus, and/or banal empiricism. At the same time, work from within the group attempted to grapple with the recent transformations in global capitalism and its effects on Latin American nation states and political formations; transformations which were frequently described with terms such as finance capitalism, late or global capitalism, or neoliberalism.

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<sup>21</sup> See for example: Rodríguez, Ileana, ed. *The Latin American Subaltern Studies Reader*. Durham: Duke University Press, 2001.

The work in this dissertation is, I believe, broadly in line with the goal of maintaining a space for theoretical reflection of current critical Latin American studies formations which have one of their roots in the Latin American Subaltern Studies group. What this project does differently are two things. First, it places more pressure on the political economic terms and formulations that we have used to describe the transition from the national popular or developmentalist state into the present. Its wager is that there is something to be gained by examining in more detail this transition, which my work does by narrowing its focus onto finance. Secondly, instead of a conception of state, international, or university order which is rooted in or framed by hegemony, my dissertation conceives of order as primarily imposed by states and not through consensus but through violence and force.<sup>22</sup>

### Putting the Political Back in Political Economy

A common critique of work that centers on political economy is that it has no way of, or little room for, discussing the state and/or society. As much as this project conceives of itself as one of bringing capital back into cultural critique, it recognizes that, when it comes to producing the *order* of Latin American societies, the state still plays a central, if not a determining, role. This project thus argues for the need for a dual optic which tracks both finance and the state. The perspective on the state developed in this project is to see the post-1973 period as one in which

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<sup>22</sup> In the chapters on Mexico, I make common cause here with a recent historiographical turn that has looked to dismantle the image of the PRI state as a machine governing primarily by consent, see for example Ben Fallaw and Terry Rugeley (eds.), *Forced Marches: Soldiers and Military Caciques in Modern Mexico* (Tucson: University of Arizona Press, 2012) and Thomas Rath, *Myths of Demilitarization in Postrevolutionary Mexico, 1920-1960* (Chapel Hill: University of North Carolina Press, 2013). Rath has argued that the history of the Cardenas period has been neo-Gramscian, tending “to focus on the expansion and impact of specifically ‘cultural’ institutions such as schools, radio, and the mass media” (“Revolutionary Citizenship” 174)—I would expand this to argue that is it true of PRI historiography in general and that state violence should be centered more or at least equally in our understanding of state power. In Brazil, I draw on the work of political scientist Jorge Zaverucha who has traced how the institutional, military, and juridical mechanisms of the dictatorship have been little changed by the so-called “transition to democracy.”

the corporatist infrastructure of the developmental state begins to break down. I use two theoretical lenses to think about shifts within and to this infrastructure. In part one, departing from the work of Gareth Williams in *The Other Side of the Popular*, I track the declining force of the national popular state's primary technology for social integration, the racialized management of representation. In the second half of the dissertation, I draw on a Foucault-inspired approach to the developmental state and argue that it secured social order via a series of individualizing and collectivizing processes, which atomized individuals and then pooled them into non-revolutionary collectivities. I conceive of each of these lenses as different, yet complementary, points of view into the same infrastructural machinery, each of which helps to bring forth a different aspect of its operation.

In each case, however, and throughout this dissertation, what I am interested in, on the level of state and society, is how these corporatist, collectivizing, and representational infrastructures, after the beginning of the long downturn, are no longer able to do the work they once did. There are two linked reasons why this is so. The first is that the long downturn has meant, in part, that the productivist system which scaffolded the corporatist measures of social integration during the developmental state no longer exist, or least not to the same extent.<sup>23</sup> The second is that, again as a result of the dismantling and decline of a certain system of capitalist

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<sup>23</sup> In the 1980s and 90s most mainstream academic work in Latin America shifted away from the concepts of authoritarianism and corporatism to focus on democracy and the transition to democracy. In this project, I draw on recent works, such as Howard J. Wiarda (ed.), *Authoritarianism and Corporatism in Latin America—Revisited* (Gainesville: University Press of Florida, 2004) and Gareth Williams, *The Mexican Exception: Sovereignty, Police, and Democracy* (New York: Palgrave Macmillan, 2001), that have examined the legacy of corporatist and authoritarian forms in the “democratic” present or that trace the ubiquity of forms of sovereign power throughout Latin American history. My position is not that we can merely return to using the language of corporatism but rather it is important to trace how Latin American states, in particular Mexico and Brazil, continue to rely on ideas and infrastructures of corporatism to produce social order, even if these corporatist forms are no longer as successful as they once were.

production, there has been, since the end of the 1970s, an explosion of surplus populations.<sup>24</sup> In Mexico, for example, it is estimated that roughly 60% of the economically active population are in the informal economy (INEGI, 2014). In Rio de Janeiro, as Janice Perlman notes, from “1980 to 1990, when the overall city growth rate dropped to 8%...favela populations surged by 41%” (2003). These surplus populations are crowded into informal settlements and into the informal economy where they are subjected to precarious, highly exploitative labor regimes—as such, surplus populations exist outside both the traditional forms of capitalist and state integration, in particular the corporatist bodies used in Mexico and Brazil to secure social stability during the boom years of the developmentalist state.

The fact that these populations can no longer be reached through the old corporatist measures has had two consequences, which I trace in each of the chapters of this dissertation as consequences of and alongside the rise of finance. First, the explosion of individuals outside of

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<sup>24</sup> My understanding of the term “surplus population” is derived from that of Karl Marx elaborated in the first volume of *Capital*. For Marx, surplus populations are those individuals who are not (or no longer) necessary to processes of capitalist valorization. As Jan Rehmann (2015) has put it in a recent essay:

We of course have to keep in mind that harsh terms such as “redundant” or “surplus population” do not express Marx’s own judgment about people, but he uses these terms to describe a mechanism in the deep structure of capitalism by which people are turned into a “population surplus in relation to capital’s average requirements for valorization” (Marx 1976, 786)—that is, they are rendered “superfluous” from the perspective of capitalist profitability. It is a deep-structural mechanism that Marx denounces as uttermost cruel, inhuman, and alienating. His major point is that the emergence of a surplus population is not an accidental phenomenon but rather a structural necessity for the very development of capitalism. (306)

These dynamics have been the focus of recent work by theorists from a variety of backgrounds: see “The Holding Pattern” in *Endnotes* 3 (<http://endnotes.org.uk/>); Alberto Toscano’s talk at the 2012 Historical Materialism conference “The Uses of the Useless: Political Philosophies of Unemployment,” accessed November 2, 2015, <http://cartographiesoftheabsolute.wordpress.com/2012/11/27/the-uses-of-the-useless-political-philosophies-of-unemployment/>); Michael Denning, “Wageless Life,” *New Left Review* 66 (Nov/Dec 2010): 79-97; David Neilson and Thomas Stubbs, “Relative surplus population and uneven development in the neoliberal era: Theory and empirical application,” *Capital & Class*, 35(3), 435-453; Daniel Zamora, “When Exclusion Replaces Exploitation: The Condition of the Surplus-Population under Neoliberalism,” accessed November 2, 2015, <http://nonsite.org/feature/when-exclusion-replaces-exploitation/>; Grace Kyungwon Hong, “Existentially Surplus: Women of Color Feminism and the New Crises of Capitalism,” *GLQ: A Journal of Gay and Lesbian Studies* 18(1): 87-106; and Jan Rehmann, “Hypercarceration: A Neoliberal Response to ‘Surplus Population,’” *Rethinking Marxism* 27(2): 303-311.

most traditional mechanisms of ordering has meant that states have turned to policing, public security, and state violence as a means of controlling these surplus populations. In Mexico, just after 2006, the defense budget has increased from 2 billion to 9.3 billion in 2009 (Paley 127), and as we know a large number of the dead in the so-called “drug war” have been ordinary, marginalized, or politicized citizens. As Jorge Zaverucha and others have argued, rather than a transition from dictatorship to democracy, Brazil has witnessed the continuation of the dictatorship’s National Security Laws paired with a “militarization of public security” (88). Second, unable to control surplus populations through traditional corporatist machinery, states have attempted to construct new corporatist infrastructures, which they have frequently done through finance. This occurs with particular intensity in Brazil, where, since 2003, the total amount of credit to individuals has grown from R\$ 84,792 million to 789,428 million as of May 2015 (Banco Central 2003; Banco Central 2015a) and where the state has played a direct and important role in the expansion of personal credit.

### Cultures of Finance and Cultural Critique

With respect to the problem of how to connect political economy and cultural critique, this dissertation takes an approach that is both naïve and non-dogmatic. Its naivety is to say that after forty years of financial crises the import of finance or the economic really cannot be ignored. It is non-dogmatic in that it leaves behind all of the literature on base-superstructure.<sup>25</sup>

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<sup>25</sup> As has been often noted, the metaphor of base/superstructure does not play an important role in Marx’s work. It was primarily an invention of Engels which was then codified by authors such as Kautsky and Plekhanov as part of the mechanical determinism underpinning the thought of the Second International. The metaphor formed a critical part of the social theory which the Soviet Union promulgated throughout the world—which is part of the reason for its longevity and ubiquity. In the climate that prevailed after 1956, that is, in new Left, May 68, and other anti-Stalinist political formulations, attacking, remaking, or disproving the base/superstructure metaphor was a central theoretical task and drew the attention of thinkers as diverse as Louis Althusser, Fredric Jameson, Stuart Hall, Giles Deleuze and Felix Guattari, Raymond Williams, and Jean Baudrillard. This was also the case in Latin America, where non-vulgar versions of the distinction have been, and continue, to be used, particularly in teaching materials

Because it assumes that political economy and culture are somehow related it loses little sleep over theorizing their relation with respect to the Marxist tradition (or the critics thereof) and proposes to itself the task of searching out where those sites and forms of relation and conditioning might lie. I do so by dividing the rise of finance in Mexico and Brazil into two parts, each covering a different historical moment (the first, the moment of crisis roughly 1976-1998/9 and the second, the moment of recomposition around export, finance-led accumulation, and circulation 2000/1-present). Each part has a chapter on Mexico and one on Brazil and all of the chapters start by unfolding a figure or instrument of financial political economy (instability, hyperinflation, credit, and circulation, respectively) which is critical to the particular historical moment and national space under discussion. The chapters then trace the complicated, non-deterministic relations that exist between finance, cultural production, and (racial) order (primarily chapters 1 and 2) and between finance, state violence, and subjects and collectivities (primarily chapter 3 and 4).

Thus, the first two chapters of this dissertation are dedicated to examining how cultural production reacts in the aftermath of the 1982 debt crisis and the process of state and capital restructuring which follows. I turn to this task in my first chapter, “Crisis, Ontology, and the

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for organized labor and revolutionary groups, see for example Marta Harnecker’s *Los conceptos elementales del materialismo histórico* (Mexico: Siglo XXI, 1968), which was used to teach thousands of students and workers the fundamentals of “socialist” thought. The weight of trying to think beyond this “metaphor” can still be felt in recent works such as Kojin Karatani’s *The Structure of World History: From Modes of Production to Modes of Exchange* (Durham, NC: Duke University Press, 2014). Most of the work from the new Left and May 68 moments, in my opinion, attempts to break with the metaphor but without actually leaving it behind. Even in works that argue for its obsolescence or overturning, such as Deleuze and Guattari’s *Anti-Oedipus* or Baudrillard’s *The Mirror of Production*, the base/superstructure metaphor is still present, as what motivates the argument or as what must be disproven. In this project, I have decided to take a different approach, which is to ignore the distinction. While certainly in the pre- and post-68 generation it served as a spur to very creative, interesting work, I think in the main forcing thought to continually reference an idea that most agree is untenable and frankly dogmatic is not part of the Marxist tradition that we need to hold onto. Thus, instead of once again cutting through all the thickets of the literature to possibly develop a more refined version of the metaphor or to attempt to leave it behind completely—which ultimately reanimates its corpse—I’ve decided in the chapters that follow to see what happens if we simply take a more materialist approach of actually attempting to trace how, in this case, financial phenomena come to impact and be expressed and mediated in cultural production, subjectivity, and social life.

*Saltos of Finance in Jorge Volpe's En Busca de Klingsor*" and argue that the way that the financial crisis of 1982 was mediated was, as Claudio Lomnitz has noted, through the generalized category of *la crisis*. In the first half of the chapter, I trace how Jorge Volpi's *En busca de Klingsor*, in the face of financial indeterminacy, reconstitutes the racialized imaginary of the national popular through a turn to ontology. Volpi's ontological turn, which has been mirrored in many zones of cultural and social thought, is accompanied by a turn from a biological or cultural subject of mestizaje to one defined by a mobile, ontological divide, which has become popularized under the name of the *delincuente*. Positioning Volpi's work amidst the breakdown of the national popular state and the leaps or *saltos* of finance, I demonstrate how it registers and is structured by figures of indeterminacy that emerge from the new regimes of finance that predominate in post-82 Mexico. In the second half of the chapter, I develop how Volpi elaborates a theory of time as catastrophe which is complementary to this new ontological division. Volpi's notion of catastrophe is different than those found in the global North, which focus on black swans and unforeseeable events, as crisis is not a "singularity" but rather repetition, not majestic and dreadful black swans, but rather simply fizzled hopes and ongoing crisis. I show how this notion of catastrophe comes to structure the subjects of Volpi's novel and also argue that Volpi's catastrophe allows us to make visible a temporal figure that circulated more broadly in Mexican popular discourse under the terms *desmadre* and *chaos*.

The second chapter, "The Failures of Finance: Urban Peripheries, Hyperinflation and Real Abstraction," examines roughly the same time period in Brazil (from 1982 to the early 2000s) and argues that the mediation of the post-82 period in Brazil was not that of *crisis* (as in the Mexican case) but rather hyperinflation. As a result, the recomposition of the national popular form of order which cultural production participates in takes a different form: not a turn

to ontology, but one into real abstraction. I argue, through readings of sociological texts on public security (such as Luiz Eduardo Soares) and novels such as Paulo Lins' *Cidade de Deus* (*City of God*), that it is the production of the "favela" as a real abstraction, as a quasi-objective category which shapes social relations, which comes to do the work of race and on which social control of surplus populations is founded in the post-1982 moment in Brazil. Much like the category of *delincuente*, the production of an absolute division between the formal and informal spaces of the cities serves as a new means of division of the human community in the face of an expanding surplus population and under the conditions of hyperinflation or the breakdown of the social synthesis of money and exchange. In the second half of the chapter, I examine how it might be possible for cultural products to work against the real abstraction of the favela. In a discussion of a 2013 film shot in Brasilia, *A cidade é uma só?*, I trace how the film pushes against the discursive formation of the favela and maintains an anticipatory distance from its fields of strange force.

While the first two chapters of the dissertation focus on how the crumbling infrastructures of racialized ordering inherited from the national popular state were reinforced by a turn to ontology (Mexico) and the real abstraction of the favela (Brazil), the chapters in part 2 argue that the post-2001 moment is marked by, in Brazil, failed forms of financial corporativism and, in Mexico, the inability of the state and capital to provide inhabitable lifeworlds. While part 1 examined the reinforcement of national popular infrastructures of social control in the period of on-going financial crisis, part 2 examines how in the post-2001 moment states either attempt to restart or completely abandon their machinery of the production of subjectivities (and collectivities). In Brazil this machinery, first created during the developmentalist period, no longer is able to secure the successful production of individuals and groups, while in Mexico,

where it is abandoned, we witness the emergence of new forms of collectivity, attempting to produce inhabitable lifeworlds amidst death and destruction.

In chapter 3, “Subject of Credit: Credit Democracy, Projection, and State Violence in Financialized Brazil,” I trace three transformations that the massive entry of finance into Brazil after 2003 has wrought: a form of (failed) financial corporativism, a projective structure of feeling, and shift in the production of subjects. In each case, my aim is to be attentive to finance’s fragility or instability: finance-led booms last only as long as the financial flows do. Thus, part of what this chapter traces is how once the financial boom begins to fade, the state turns more and more to violence and policing in order to seize assets, control unruly populations, and supplement a failing corporatist machinery. In the opening section, I chart the expansion of personal credit as a form of financial corporativism during the Partido dos Trabalhadores (PT) governments in Brazil since 2003. As well, I examine some of the principle cultural mediations of credit and the role of Rio de Janeiro as the site of the production of these mediations, in particular the transition from discourses of racial democracy to credit democracy elaborated in the 2012 novela *Cheias de Charme*. In the second part of the chapter, drawing on the work of Raymond Williams and Deleuze and Guatarri, I turn my attention to finance’s projective affective structure and how the mental act of projection has secured legitimacy or acquiescence to the spread of finance across different social situations and shaped new social relations of credit. In the final section, I examine the kind of subjects that the personal credit expansion has produced. Here I argue that credit expansion has produced a form of the subject as a pass-thru or gateway in which the state is less concerned with subjects’ interiority and more with facilitating the seizure of assets or income. This seizure requires a concomitant expansion of militarization and the threat of state violence which further hollows out the subject. I conclude by returning to

Rio de Janeiro to ask what imbrications between new public security strategies (the UPPs) and finance might tell us about coming political formations in Brazil.

In chapter 4, “Cultures of Circulation in Contemporary Mexico: Beyond Interiority and Voided Collectivities,” I argue that Mexico after 2001 has been marked by, not just an expansion of finance, but rather a turn to “circulation”—understood as a turn away from the sphere of production to the sphere of circulation. This turn to circulation has taken many forms including the drug trade, out migration, and various forms of finance. The turn away from production has meant, unlike in Brazil where there is an attempt to re-start the production of de-politicized subjectivities and collectivities, in Mexico there has been an almost complete dissipation of this infrastructure. Thus, part of what I consider in this chapter is how, in Mexico, the military-policing apparatus replaces the corporativist structures of the developmental state. I argue that cultural works in the period before, but most intensively after 2006, register and respond to this shift and they do so along two main lines. First, by focusing on the “drug war” film, *El Infierno*, and the poetry of Dolores Dorantes, I trace the transformation of two key sites for producing collectivity during the developmentalist period, labor and death. I then turn to cultural objects that directly address the conditions of surplus population in a moment of circulation to demonstrate how they turn around the production of new forms of relation between the individual and the collective. In films like *Norteados* (2009), *Jaula de Oro* (2013), and *Heli* (2013) we can see the elaboration of a new system for the production of subjects and collectivities that does not first produce discrete individuals and then sum them into groups, but rather which produces individualization within the shape and space of a given collectivity.

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## Chapter 1

### Crisis, Ontology, and the *Salto*s of Finance in Jorge Volpe's *En Busca de Klingsor*

The new political economic thinking paving the way for the Financial Revolution was grounded in a radically transformed worldview that drew extensively on developments in natural philosophy and political theory. Leaving behind the traditional notion that mankind exists in a material, social and economic world that is finite, static and knowable, mid 17<sup>th</sup> century political economists embraced the ideas of infinite worlds, nature's perfectibility, and probabilistic knowledge. With these component parts, they constructed a new worldview in which mankind's purpose was to ceaselessly pursue new methods for the infinite improvement of nature, society, and mankind. For this to occur, England had to develop a more sophisticated system of credit.

--Carl Winnerlind

In the course of a single decade, before NAFTA and the currency crisis of 1994, Mexico passed through a series of three major finance-related crises: the currency devaluation of 1976, the debt crisis of 1982, and the fall out associated with the U.S. stock market crash in 1987. While 1976 was dismissed as a bump in the road of ever-expanding growth, the debt crisis of 1982 signaled the definitive end of the national popular state and that the financial restructuring that had engulfed Mexico was not one more storm to be weathered by counter-cyclical policies, but in fact marked the implementation of a new global financial architecture. These two events however were closely linked: the closing of the window of national development as a viable political economy strategy, overtaken by the massive indebtedness of the Mexican state after the Echeverría era, was, in many ways, a consequence of the rise of a new financial architecture driven by the overaccumulation of capital and a global falling rate of profit.<sup>26</sup> On the one hand,

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<sup>26</sup> The positions and debates on why finance has become so central to the global economy since 1973 are proliferating at a such a rate that it would impossible to describe them succinctly. Significant works from left positions that represent different flavors of approaches include: Giovanni Arrighi, *The Long Twentieth Century: Money, Power, and the Origins of Our Times* (Verso, 1994); Luc Boltanski and Eve Chiapello, *The New Spirit of*

the national popular state is deterritorialized and its system of fixed or pegged exchange rates flowing into sectoral production incentives rendered a brittle hold on the new fluxes of capital seeking investment, the exposure of floating exchange rates, and loss of internal control over monetary policy. On the other, the new financial integration of Mexico—its need for debt, its need for foreign investment, its inability to keep upper and middle class Mexicans from moving their money out of the country once the debt crisis became apparent—is what puts an end to the strategies, tactics, and geopolitics of development that had called forth and held in position Latin American national popular formations before and after the Second World War.

Accounts of the last thirty years of Mexican cultural production that focus on neoliberalism tend to overlook both this long pre-history of financial crisis and to de-emphasize the new financial architectonics and integration of Mexico into the world economy. Neoliberal cultural critique normally focuses on the state and, as such, misses the ways in which new financial architectures and instruments set off a chain of deterritorializations of the national popular state form. We might say that cultural critique that takes neoliberalism as a key term has tended to misread changes in state form as synonymous with changes in the economy. Even if we concede the point that neoliberalism marks a definitive change in the state, the state, even a developmentalist one, is not isomorphic with the economy—and what I will argue is that our analysis needs to make space for accounting for both changes in the state and capital. By placing neoliberalism at the center of cultural analysis, critics have often elided key economic

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*Capitalism*, (Verso, 2005); Robert Brenner, *The Economics of Global Turbulence* (2006); and Greta Krippner, *Capitalizing on Crisis: The Political Origins of the Rise of Finance* (2012). For a useful summary of debates see Costas Lapavistas, *Profiting Without Producing: How Finance Exploits Us All* (2013). My general position on finance in Latin America combines Brenner's account, based in a falling rate of profit, with elements of Sweezy's theory of capital overaccumulation. For a summary of Marxist debates on the failing rate of profit see Steve Cullenberg, *The Falling Rate of Profit* (Ann Arbor: Pluto Press, 1994). For a thoughtful commentary on Brenner's position see Fred Moseley's working paper: [https://www.mtholyoke.edu/~fmoseley/Working\\_Papers\\_PDF/HM.pdf](https://www.mtholyoke.edu/~fmoseley/Working_Papers_PDF/HM.pdf).

transformations across this period, of which the rise of finance is one.<sup>27</sup> In so doing, the systemic conditions which drive this reconstitution of the Mexican state and Latin American states more generally are relegated to the background.<sup>28</sup>

In this chapter, I take a different tack into the post-82 historical period in Mexico as decades of financial crisis and instability. This approach does not overlook the profound changes in the Mexican state and its attendant cultural imaginaries, but rather reads these changes alongside and as conditioned by the rise of finance in Mexico. I grapple, then, with the newness of finance and how cultural production in Mexico has responded to it, been influenced by, and has produced meaning for it and its effects on the Mexican state form. As finance begins to displace production in importance the 1980s and 1990s in Latin America, new events (financial crises, for example) and figures (hyperinflation, which is examined in Chapter 2) appear on the social scene. However, finance does not become legible or become an object of cultural discussion through the same events or figures in all countries in Latin America. In Mexico, as I argue in the first part of this chapter, finance, or the results of its rise, first became legible and condensed into the figure of crisis or instability. At the same time, the events and figures through

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<sup>27</sup> Examples of work that tend to read the post-82 period as defined by neoliberalism would include: John Beverley, *Latin Americanism after 9/11* (Durham, NC: Duke University Press, 2011); William C. Smith, Carlos H. Acuña, and Eduardo Gamarra, *Latin American Political Economy in the Era of Neoliberal Reform* (New Brunswick, NJ: Transaction Books, 1994); Osvaldo Sunkel, *Development from Within: Towards a Neostructuralist Approach for Latin America* (Boulder, CO: Lynne Rienner, 1993); David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005); Emir Sader, "The Weakest Link: Neoliberalism in Latin America," *New Left Review* no. 52 (2008): 5-31; John Holloway, *Change the World without Taking Power* (Ann Arbor, MI: Pluto Press, 2002); Claire Fox, *The Fence and the River* (Minneapolis: University of Minnesota Press, 1998); and Gerardo Otero, *Neoliberalism Revisited* (Boulder, CO: Westview Press, 1996).

<sup>28</sup> In Claudio Lomnitz's work on the 1982 financial crisis, which I will discuss shortly, we can see that financial crisis (which returns in different forms in 1987 and 1994) predates what are normally considered to be the historical markers of neoliberalism (the passage of NAFTA, the full liberalization of capital markets—processes which only get under way in the late 1980s and are only completed in the early 1990s). What this means is that neoliberalism, when used to mark either a process of state transformation or a process of transformation of both the state and the economy, is, by itself, insufficient for thinking the historical moment out of which *Klingsor* emerges. What I want to suggest is that we read *Klingsor* within a dual horizon that we can derive from Lomnitz; the 1980s and 90s as the moment of national popular breakdown (the shift to the neoliberal state form implied by liberalization), but also as an on-going financial crisis in the context of a new global form of finance-led accumulation.

which finance's rise becomes legible, because of their newness, come into the world almost without meaning; that is, meaning has to be produced around them. Cultural works, as well as other discursive productions, play an important role in making sense of finance's consequences—which, in the case of Mexico, include the spread of instability and the breakdown of the national popular formation.

I chart this process of creating of meaning for the consequences of finance through detailed discussions of a single text, Jorge Volpi's *En Busca de Klingsor* (1999). I approach the problem in this way because a close, careful reading of Volpi's novel is a means to track the production of new figures and categories—which are frequently more ephemeral in other forms of more popular discourse and therefore more difficult to pin down—for interpreting Mexican social and cultural life in the aftermath of finance. My readings attempt, then, to establish lines of response to the twin crises of state and finance in Volpi and then open out from there onto the larger sphere of Mexican popular discourse. In particular, I examine how Volpi's work responds to new forms of indeterminacy and instability put into circulation by the widening gap between the real and the fictitious of finance with a turn towards ontology—which I understand in very baseline terms as a concern with the nature of being or the structure and existence of the material world. Volpi's novel, faced with the breakdown of the structures of the national popular, regrounds social control in ontology and ontological division, which is opposed, I will argue, to the play of representation that founds the imaginary of the national popular moment. In the second half of the chapter, I argue that in Volpi's work we can also see the elaboration of a new theory of history, one that responds to the specific form of subaltern financial crisis that unfolds in Mexico. By way of conclusion, I turn out from Volpi to left academic social theory more generally to argue that Volpi's turn to ontology—rather than an isolated instance—has been a

common move across many versions of social theory since the 1980s and 90s where ontology has also been used as a solution to the new forms of indeterminacy produced by the rise of finance.

### Instability, or What Finance Makes Possible

Within U.S. and Latin American theoretical circles today, the two most common explanatory frameworks for the turn to finance, post-Keynsianism and post-workerism, both read finance as predatory or speculative with respect to the “real” or productive economy.<sup>29</sup> Instead of seeing this turn to finance as merely speculative, I see finance, following the work of Joshua Clover and Annie McClanahan, as a form of temporal arbitrage or as a means of realizing future surplus value in the present and, as such, intimately connected (rather than opposed) to production. Reading finance and production together, as opposed to seeing finance as parasitical on the “real” economy, is necessary if our goal is to grasp the turn to finance materially, that is as a specific form of accumulation, as opposed to explaining it away as a kind of mania, lack of regulation, or set of bad behaviors engaged in by irresponsible actors. To grasp how finance has changed the landscape of Mexican cultural and social life, we have to see finance not as coming from outside to corrupt good forms of production, but rather as emerging from within production itself to solve problems of declining profitability and as part of the quest for new forms of accumulation.

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<sup>29</sup> The post-Keynesian analysis of finance centers on the figure of the rentier and tends to see finance as a parasitical on the real economy. Important works in this tradition on finance include: James Crotty “Owner-manager conflict and financial theory of investment stability: a critical assessment of Keynes, Tobin and Minsky,” *Journal of Post Keynesian Economics* 12(4): 519-42; Gerald Epstein (ed.), *Financialization and the World Economy* (2005); and Robert Pollin, “The resurrection of the rentier,” *New Left Review* 46 (July/August): 140-53. The post-workerist perspective believes that the distinction between the real economy (i.e., productive) and financial has collapsed or that finance has completely subsumed the real economy. Key texts in this tradition include: Andrea Fumagalli and Sandro Mezzadra (eds.), *Crisis in the Global Economy: Financial Markets, Social Struggles, and New Political Scenarios* and Christian Marazzi, *The Violence of Financial Capitalism* (2011).

This approach of reading finance and production together remits back to Marx's fragmentary work on credit and finance capital in the three volumes of *Capital*. Generally speaking for Marx, finance and credit are important in simple production processes because they enable the immediate or precipitous realization of a commodity's value. To take a basic example, imagine a factory producing blue jeans. A capitalist sinks several million dollars into materials and labor for production. However, instead of waiting to have to sell each and every pair of jeans to then reinvest that money in the business, the capitalist is able to borrow money against the eventual sale of his commodities to continue the production of jeans without having to wait for their actual sale. Thus, credit or finance are not, by nature, supplementary to or predatory upon processes of production but rather, at a certain level of capitalist development, *essential*, necessary to keep production flowing smoothly.

What the presence of finance in production makes possible, however, is new forms of crisis or instability and their possible expansion. Credit, in our example of blue jeans, intervenes in accumulation by shortening the temporal distance between the production of a commodity and the realization of its value. It is precisely in this way that finance nurtures new possibilities for instability, speculation, and crisis in accumulation. Kojin Karatani has recently re-read Marx's critique of capital, privileging both credit and, what he terms, its *salto mortale* and linking them to crisis. He writes:

Classical economists believe that a commodity is a synthesis between use value and exchange value. But this is only an ex post facto recognition. Lurking behind this synthesis as event is a "fatal leap" [*salto mortale*]. Kierkegaard saw the human being as a synthesis between finity and infinity, reminding us that what is at stake in this synthesis is inevitable 'faith.' In commodity exchange, the equivalent *religious* moment appears as 'credit.' Credit, the treaty of presuming that a commodity can be sold in advance, is an

institutionalization of postponing the critical moment of selling a commodity. And the commodity economy, constructed as it is upon credit, inevitably nurtures crisis. (8)<sup>30</sup>

Finance, speculation, and credit—which all accompany commodity production in some form—are all leaps into the unknown because they are claims on future value that may or may not be realized. I can loan you 1,000 dollars to produce jeans anticipating your business will continue to grow (that is, anticipating my claim on your future production will be able to be paid in full), but if your workers go on strike or if a new technology revolutionizes textile production, then I might not get my money back. Thus, in the *salto mortale* between commodity production and selling, a *salto* covered by credit, lies the potential for finance to generate special kinds of instability. In the 1970s, Mexico borrowed heavily against anticipated oil production revenues and this same form of potential instability was introduced, but on a massive scale across many actors and national spaces. When Mexico declared a moratorium on debt payments in 1982, the potential instability became a true interruption, a real crisis.

The turn to financial forms of accumulation in the 1970s, via means such as foreign debt, currency arbitrage, business and personal lending, seeded, in a mass way, this kind of instability across all levels of the global economy and national social formations. Finance can result in speculation and predation, but its instability is not the result of behaviors or lack of regulation but rather is structural to finance itself and embryonic within capitalist production. That is, finance is the rise of new ways and means of exploiting (through shortening or elongating) the gap between the moment of a production of a commodity and the moment of the realization of its value. And because finance involves not the production of value, but rather a claim on future value, it generates instability in two ways. First, as a claim upon future value, credit or financial

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<sup>30</sup> I owe this insight into and usage of Karatani to the work of Annie McClanahan. See her doctoral dissertation, *Salto Mortale: Narrative, Speculation, and the Chance of the Future* (Diss. University of California—Berkeley, 2010).

instruments are always subject to potential non-repayment. Second, financial instruments, because of their degree of remove from the commodities or values that underlie them, frequently result in the creation of fictitious value, in bubbles or booms, or a widening gap between the real value of assets and what people are willing to imagine they might be worth in the future or present. Indeed, all of the most important new financial instruments that are created in the post-73 period (securitization, derivatives, options, swaps, etc.) as well as the new financial *dispositifs* (exchange rate arbitrage, cross-currency lending, global bonds, etc.) end up producing massive amounts of fictitious value and result in the booms and bubbles that have populated this period both in the global North and South. The turn to finance, globally, amplifies the potential for instability, interrupted accumulation, and crisis.<sup>31</sup>

The potential for instability and crisis is, therefore, inherent in finance. But in Mexico, the figure of crisis itself became the primary discursive figure around which meaning of finance's rise was produced. Crisis or instability became a central category through which the post-1982 world was lived; indeed, as Claudio Lomnitz notes, the period after 1982 came to be known in popular discourse in Mexico simply as *la crisis*. *La crisis* serves as a polysemic figure that names all the effects of finance's rise: declining wages, government corruption, mass unemployment, as well as the experiential forms of shock and uncertainty that pervade the 1980s and 1990s in Mexico. Lomnitz's work on this period demonstrates the newness of this type of (financial) crisis but also the depth to which this figure spread as a lens for understanding the events of 1982:

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<sup>31</sup> I have only been able to gesture briefly to the political economy in the Mexican case and have done so without going into much detail. There are currently a number of different positions on how to read the post-1973 period. An earlier generation of debates (focusing just on writers who identify as on the Left) centered on the French Regulation school postulation of the period as post-Fordist. David Harvey's account of the post-73 period as a turn to "flexible accumulation" was also important in this moment, as was Giovanni Arrighi's account of cycles of financial accumulation in *The Long Twentieth Century*. For critics interested in the financial turn in Latin American countries, one of the outstanding tasks is to translate these U.S.-centric debates into specific Latin American national contexts, assess their applicability, and generate Latin American-specific accounts of post-73 processes.

Until the events of 1982, the term *crisis* was most often used by journalists and intellectuals, usually in the restricted sense of, for instance, “the crisis of agriculture” or “the cyclical crises of capitalism.” After 1982, however, when the Mexican government could not meet its debt payments, the use of the term became so widespread that this whole era, together with its concomitant situations, practices, and sentiments, became known as *la crisis*. (133)

Lomnitz tracks, in “Times of Crisis” and *Death and the Idea of Mexico*, the impact of *la crisis* on Mexican popular culture. In particular, in “Times of Crisis,” he examines how the “present saturation” of the crisis—characterized by a “reluctance to socialize viable and desirable images of a future”—gave rise to a breakdown in the temporalities of progress of the national popular. I argue that *la crisis* had another impact on the national popular formation: it was both a sign and cause of the national popular’s breakdown, its material and symbolic inability to do the work of fusing subjects into the nation. Jorge Volpi’s *En busca de Klingsor* is an exemplary text, first, because it deeply engages the figure of crisis in the form of a sustained meditation on indeterminacy and, second, because it is a site where we can see one way in which the form of social control exercised by the national popular was reworked—in this case, in a move from representation to ontology.

### *Klingsor*, Hard Indeterminacy, and Moralism

*Klingsor* is the novel, after it was selected for the Biblioteca Breve prize that established Volpi and the Crack generation as a Mexican and international literary phenomenon. Criticism of Volpi’s work more generally, and of the novel itself, has primarily take place within the larger debate in the field of Latin American literary studies of the limits and/or end of autonomous literary practice, or what Carlos J. Alonso has called “the novel without literature” (“The Novel Without Literature” 3). Within these debates, some readers such as Ignacio Sánchez Prado see in Volpi a potential opening to a literary cosmopolitanism and/or site for reimagining the nation

from the position of literary autonomy (*Naciones Intelectuales* 245). Others, such as Cristobal Pera, have stressed the post-national aspects of Volpi's literary production, while Wilfrido H. Corral and Lidia Santos have questioned the political horizons of Volpi's notion of the literary.<sup>32</sup>

Instead of focusing on the novel's possible or improbable politics of cosmopolitanism I locate *Klingsor's* political intervention on another level; namely, in its concern with indeterminacy, uncertainty, and chance, as it is here that the novel engages with and presents its own articulation of the discursive figures emerging from Mexico's on-going financial crises. *Klingsor* develops what I term a "hard indeterminist" vision of the natural and social worlds, wherein chance and uncertainty are foundational and overcome any attempt to construct a stable world. However, for all its emphasis on a kind of totalizing indeterminism, I argue that *Klingsor*, in key moments, reintroduces forms of determinism, in particular as a means of conditioning the political.

I forward a reading of *Klingsor* not in the ambit of the transformation of the literary by "globalization," but rather as a laboratory for the rearticulation of state power and its discursive supports. The twin crisis of the state and finance dealt serious blows to the state imaginary derived from the Mexican Revolution and its institutionalization. As Nicola Miller and others have noted, the literary has played an important role in Latin America through the twentieth century as a site for the elaboration of state forms of ideology or the elaboration of forms of thought within a state-defined field of literary autonomy.<sup>33</sup> It is no surprise that it is in the literary field in Mexico in the 1990s where we find serious engagements with and attempts at

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<sup>32</sup> Pera appears to prefer Bolaño as a guide in the post-national moment, see "¿Nación? ¿Qué nación? La idea de América Latina en Volpi y Bolaño" (2012). For Wilfrido H. Corral see "¿Qué queda del sesentayochismo en los nuevos narradores hispanoamericanos?" (2009) and for Lidia Santos, "El Cosmopolitismo de Mercado" (2009).

<sup>33</sup> Miller's understanding of the relation between the literary and national popular formations differs from that of Sanchez Prado whose account makes more room for the autonomy of literary production from state discourses. I follow Miller's approach here.

rearticulating and refounding the national popular imaginary. In Volpi, this rearticulation will occur in a transition from a system of control based in representation, the *sin qua non* of the national popular, to one based in ontology, understood in a very general way as a concern with the nature of being or the structure and existence of the material world. The novel's ontological principles give rise to its thinking of the political; namely, as a division between those who respect the indeterminacy in the heart of the natural world and those who attempt to overcome it and fall into madness, evil, and moral wrong.

*En busca de Klingsor* (1999) recounts the imbrication of two events: the scientific debates concerning chance and causality after the discovery of relativity and the last days of the Nazi regime. The novel opens with a young physicist Francis P. Bacon, whom we first encounter as a graduate student studying in Princeton at the Institute for Advanced Study. Bacon, while brilliant, is a melancholic figure and due to a series of failed relationships which spill over into his professional life, he takes a leave of absence and joins a special U.S. military mission at the end of the Second World War. The mission is to track down Nazi physicists, but it quickly turns into a much more personal and ambiguous task. Once Bacon encounters the German mathematician and narrator of the novel, Gustav Links, the novel turns into a search for Klingsor, a mythical figure who may or may not have been in charge of a series of secret Nazi science programs. The catch is that neither Bacon nor Links know if Klingsor actually existed or not and, moreover, it is possible that Links is playing a double game either leading Bacon on a wild-goose chase or actually concealing his identity as the real Klingsor. Famously, the novel ends without revealing the identity of Klingsor, leaving readers to dwell on their doubts as to his existence and their suspicions as to his person.

*Klingsor* draws both on the genres of the detective novel and the novel of ideas and it is the ideas, namely the discovery of chance, indeterminacy, and uncertainty by twentieth century physics, that create the conditions of possibility for the detective novel as the indeterminate and impossible search for Klingsor. A good part of the novel is concerned with presenting the opinions of famous early twentieth-century physicists such as Max Planck, Johannes Stark, Werner Heisenberg, Erwin Schrödinger, and Neils Bohr, as to the meaning of quantum theory. Volpi's presentation of their views, as we will see below, turns around the implications of relativity, Heisenberg's uncertainty, and Gödel's incompleteness theorem for human morality. *Klingsor*, as a novel of ideas, spends much time on discussions of what we might call natural philosophy or in more modern parlance, ontology. While on one textual level *Klingsor* walks the reader through various modern perspectives on indeterminacy, on another level it illustrates them in a detective story of a failed and impossible search for a shadowy figure whose very existence no one can even confirm.

Indeterminacy, understood as the breakdown of causality and thus of human inability to produce knowledge about the natural and social world, is foregrounded from the very beginning of *Klingsor*. In the preface the novel's narrator Gustav Links, a German mathematician, opens by discussing a failed assassination attempt against Hitler in which he participated and for which he was consequently tried. Links, however, was saved from a sure sentence of death when an Allied bombing raid caused a wall to fall on and kill the judge presiding at his trial. A stroke of fate also saved Hitler from being killed by Links and his compatriots' plan and, as Link notes, "On the morning of February 3, 1945, a similar kind of luck saved my own life" (6). Links reveals himself to be obsessed with fate and the connection between these two seemingly random events: "Why do I insist, so many years after the fact, to connect these two unrelated incidents? Why do

I continue to present them as one, as if they were manifestations of one single act of will?" (6)

The novel sets up here the peculiar tension between indeterminacy and determinacy, or between chance and causality, which it consequently seeks to develop. On the one hand Links, as an early twentieth century mathematician with close connections to the modern physics community, is a proponent of uncertainty and chance as a foundational part of the natural world. On the other, Links also clearly demonstrates a desire or belief that events are not just random, but that there is a hand ("a single act of will") guiding the movement of the world, of history, and of our lives. It is this tension, which we might call *Klingsor's* paradox, or a desire for determinism in a fully indeterminate world that I will trace below.

The following paragraph takes this tension and explicitly turns it into a frame for the novel itself; into the very reason why Links has decided to write it, to recount this history:

Perhaps because other unforeseeable circumstances, no less terrible than these, have forced me to write these words. Perhaps I string together these seemingly unrelated events—Hitler's salvation and my own—because this is the first time that humanity has been such a close witness to such catastrophic destruction. And our era, unlike other historical moments, has been largely determined by such twists of fate, those little signs that remind us of the ungovernable, chaotic nature of the realm in which we live. I propose, then, to tell the story of the century. *My* century. *My* version of how fate [*azar*] has ruled the world, and of how we men of science try in vain to domesticate its fury. (6)

The history of the twentieth century, then, is that of *azar*, which the translator has chosen to render as "fate" instead of the perhaps closer English translation of "chance." But the choice of fate, I think does capture something about Volpi's approach to the concept of chance or *azar* throughout *Klingsor*. What fate captures is, on the one hand, a sense of chance occurrence, that is, of events linked by neither rhyme nor reason. But on the other, there is fate as the sense of a divinely pre-ordained plan. This is reflected in how the novel positions indeterminacy as a fundamental ontology ("nobody was safe in a world that was suddenly dominated by uncertainty" [72]), while at the same time it registers a longing for, and, as we will see,

reconstitutes a form of determinism, or, as Links says elsewhere, a time when “the world was an ordered environment” (94).<sup>34</sup>

Perhaps readers whose ears are attuned to the debates in twentieth century physics or philosophy have started to pick up on a certain slippage in terms. Do not uncertainty, chance, and indeterminacy derive from different sites of intellectual production and pitch themselves at different conceptual registers? They do, in fact. But this is a conflation that is essential to the novel’s presentation of its full indeterminate “world” as a result of the early twentieth century discoveries of relativity and quantum physics. To explain why this conflation is so critical to the novel, we should turn to a key passage in the opening chapter of the book’s final part, “Laws of Traitorous Motion”:

If, as stated by Gödel’s theorem, every axiomatic system contains undecidable propositions; if, as stated by Einstein’s relativity, absolute time and space do not exist; if, as postulated by the rules of quantum physics and as a consequence of the uncertainty principle, science can offer only vague and random approximations of the cosmos—then we can no longer rely on causality as an accurate predictor of the future. And if specific individuals possess only specific truths, then all of us—made up of the same material of which atoms are made—are the result of paradox and impossibility. Our convictions can only be considered half-truths. (314)

This passage collapses a number of different kinds of uncertainty and indeterminacy: logical, in the case of Gödel; macroscopic, that is, occurring in significant forms only in special cases near the speed of light, in the case of Einstein; and microscopic, in the case of the uncertainty principle. In so doing this passage overpowers the local constraints of any of these individual theories and constructs a sweeping vision of the natural and social worlds as radically indeterminate, as a place where knowledge is not just uncertain or improbable, but, in fact, impossible.

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<sup>34</sup>We know that Volpi actually went on to write a trilogy of novels about the twentieth century. The novels as a whole recapitulate a standard *nouveaux philosophes* narrative of twentieth century European history: the idealism of communism turns into fascism and totalitarianism, the movements of 68 are a form of madness, and then the socialist system collapses opening the way for the triumph of “democracy.”

In order to demonstrate how this is an over-interpretation of the individual theories at hand, I will focus just on the uncertainty principle. Heisenberg's uncertainty principle in its classic form states that it is not possible to know exactly both the position and momentum of a particle. It is a localized statement, as Heisenberg and Bohr very clearly explained, regarding the limits of the accuracy of observational knowledge on the quantum level. Moreover, it is a statement which only has any sense when read against Newtonian mechanics. In classical Newtonian mechanics, if one knows the position and velocity of an object/particle one can predict the objects' position and velocity at any future moment (assuming a closed system). What the uncertainty principle says is merely that this kind of total knowledge is no longer possible once we are on the quantum level. There are two key caveats here. First, as most early twentieth century quantum theorists argued, classical mechanics and tools of observation continued to function just fine in the large-scale macro world. Second, the uncertainty principle, on the quantum level, does not mean that no predication is possible. What holds on the quantum level is not the mechanical causality of Newtonian physics but statistical probability. Thus, the uncertainty principle does not mean either that there is no causality nor that we can have no knowledge of quantum particles, but rather that the causality operative on this level and our knowledge of it do not take the form of classical mechanics.

The novel's presentation of the uncertainty principle and of the way it is collapsed with other forms of indeterminacy takes the results of Gödel, Einstein, and Heisenberg far beyond their logical conclusions. As we can see in the above quote, the novel's vision of the natural world is of a universe in which neither causality nor knowledge are possible. This is a vision of ontology we might describe as "hard indeterminist". Hard indeterminacy would be a position which believes that any micro form of uncertainty or indeterminacy implies the total cancelation

of any form of causality and the casting into doubt of any possibility of knowledge. *Klingsor's* vision is hard indeterminist in this respect: since the quantum world possesses some degree of indeterminacy then the whole of the natural, human, and social worlds are radically, irredeemably indeterminate.

Having said this, however, what makes the novel a complex literary text is that while it is on the one hand a novel of ideas that advances, or is motivated by, a hard indeterminist vision of the natural world, it is also a novel that is very concerned with parsing and delimiting boundaries between good and evil. Thus, while the novel advances an ontology of savage indeterminacy it also attempts to find grounds if not for the securing of moral certainties, then at least for preventing the slide into totalitarianism and madness. In short, *Klingsor* is a novel that postulates a world of hard indeterminacy and then attempts to locate bases from which to construct a moral and political order. However, and it is important to emphasize this point: while the novel constructs a moral and political order out of its fundamental ontology it does so in a tendential way. That is, the novel does not posit that disrespecting hard indeterminism *always* leads to totalitarianism but rather that it *tends to*. The novel does not propose a hard-wired structure between its ontology and political order (that would be too obviously deterministic and a contradiction too easily refuted). *Klingsor's* method of securing moral order is to reintroduce determinism via the backdoor while always providing an escape hatch of plausible deniability that the novel is in itself not deterministic.<sup>35</sup>

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<sup>35</sup> The most important escape hatch is, of course, the novel's ending where the question of who is *Klingsor* is left unresolved. This means of conclusion gives the author (or any other critic for that matter) the ability to negate or invert any critical judgment of the novel by simply saying the ending shows that the novel, in fact, either questions the problem raised by the critique or thinks the opposite. Indeterminacy is the author's trump card: any critique of the novel, any attempt to "fix" the novel's meaning can be over-ruled by simply saying, the meaning of the novel is indeterminate/opposite as shown by the conclusion. But such argumentation by escape hatch cannot refute what actually occurs in the novel (and its over 400+ pages of content), and that is where we have to examine the issue of the relation between ontology and moral order. Thus, when I say there is not a hard-wired connection between ontology and politics in the novel it means that there is, indeed, textual evidence for certain characters who avoid the

While not all characters who defy indeterminacy end up in totalitarianism, many do and throughout the novel, much of the textual conversation around how ontology and politics are linked is concerned with how a refusal to recognize the indeterminacy at the heart of the natural world opens the door to illiberalism. In one example of this, sticking with the same section of the novel that we discussed above, we read:

LAW I: All men are weak

Why are we weak? For a very simple reason: We cannot predict the future. We live in an eternal present, obsessed with deciphering the future... Amid this perpetual state of confusion, there is always someone ready and waiting to take advantage of everyone else's blindness to assuage his own fears... Fully convinced of his purpose, he toils for the good of his people, his race, his friends, his family, or his lovers (as the case may be), imposing his own faith upon the prevailing uncertainty. All the truth he proclaims is an act of violence, pretense, chicanery. And how does a weak man become strong? Very simple. Any man who can convince other people—other weak people—that he knows what the future holds is a man who will be able to rise above and control his peers. (313)

This, then, is one version of *Klingsor's* tendential linking of its ontological vision with a political horizon. As we saw above, modern physics' discovery of uncertainty at the heart of the natural world has cancelled all causality. Politics enters—since it is the failure to obey or acknowledge this cancellation that has created totalitarian political regimes—led by men who convince others that they can overcome the fundamental indeterminacy of the natural world by leading human communities toward a goal, a better land, etc. But in its very gesture of making this connection the novel violates its own principle: in making the point that totalitarianism arises from the failure to obey indeterminacy *Klingsor*, in this moment, surreptitiously reintroduces a form of determinism in the form of a conditioning of the political by the ontological. Thus, as much as the novel advances or derives its worldview from a hard, radical, or all-encompassing indeterminism, it reintroduces, at key moments, deterministic or causal linkages between the

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slide into totalitarianism even though they do not fully respect the mandates of indeterminacy. However, if one looks at the majority of the textual conversation around the politics and ontology connection and the general framing of these conversations, the novel intimates and tendentially links a refusal of indeterminacy with the potential for illiberalism. One of key moves of the novel is that it actively tries to cover its tracks while doing this.

natural world and the political in the form of a regulating, moral shorthand. As such, the novel reintroduces determinism and order after having banished them, and it does so by having the ontological condition and limit the political, or what is possible or acceptable, in the political field.

In *Klingsor*, only by respecting not our inability to know but, rather, the ontological barrier that means we can know nothing can we avoid a slide into totalitarianism. In the world of the novel we cannot overcome this desire because it is conditioned by the facticity of the world as such; thus, we can only resist the temptation. Politics in the novel is then transmuted into a moral struggle to resist the temptation to counter ontology. Bacon's interview of Edwin Schrödinger is another point wherein the novel weakly distends ontological uncertainty into a catastrophic political tendency:

“In that case Professor, do you think that the *uncertainty* established by quantum mechanics was Heisenberg's way of celebrating free will somehow?” asked Bacon, suddenly philosophical.

“That was what Pascual Jordan, one of his colleagues, believed. And Jordan, you'll recall, was an ardent admirer of the Nazis for many, many years. Jordan thought that given the indeterminate quality of the natural world, it was man's obligation to go around filling in the holes that nature left empty. How, you might ask? Through the force of will. It is an ancient and, I'm afraid, rather tyrannical notion. Since the universe is vague and unclear, truth is on the side of the fittest. The difference between good and evil, right and wrong, should be determined by those who have the power to do so—that is, men who possess an iron will.”

“Let me see if I understand this, Professor,” Bacon said, taking a deep breath. “According to this philosophy, the origins of free will can be found in the randomness of the quantum, relativistic universe.”

“That's what they believed. That the cosmos is made complete by our acts of will.”

“You don't agree, do you?”

“Absolutely not!” Erwin exclaimed, horrified... (245-6)

The Nazi sympathizers who accept the indeterminacy of modern physics represent the opposite position to the one that is, generally speaking, positively coded by the novel. They believe in a radical indeterminacy but they think that this means that the moral order has been

voided, that the distinction between good and evil should be decided by superior individuals who possess an “iron will.” They, much like the weak man who becomes strong, believe that indeterminacy means that the strong should rule, that “the cosmos is made complete by our acts of will.” In this way, *Klingsor* constructs a division between those who respect the indeterminacy in the heart of the natural world and those who attempt to overcome it. Those who fall into the latter category are pushed outside the human community, and fall into madness, evil, and totalitarianism. The failure to respect the indeterminacy that founds Volpi’s ontology creates an ontological division in the human, marked by an absolute divide.

#### From Representation to Ontology: The Breakdown of the National Popular

Frequently, the period of the 1980s and 90s is read under the sign of neoliberalism, in which neoliberalism signals both the restructuring of the Mexican state and the process of “opening” or “liberalizing” the economy. However, the decades of the 1980s and 90s were not only the decades of liberalization but also the decades of a global turn towards finance and, in Mexico, of on-going financial crisis. The historical argument that I want to advance is that we have to see this period as, on the one hand, the moment of neoliberalism (or the decomposition of the national popular state) but at the same time as the moment of the global rise of finance which is what sets off the national popular’s final breakdown.<sup>36</sup> *Klingsor* represents, in the face

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<sup>36</sup> My approach to reading the transformations in the Mexican state-form in the 1980s and 90s will be to discuss these changes through the language of the breakdown of the national popular state. I use this language here instead of the language of neoliberalism, simply because for my particular argument I need to be able to discuss a longer historical transformation of the state and the language of national popular breakdown enables me to do this—in particular it allows me, in the following section, to track a shift in technologies of the state and cultural production from representation to ontology. Frequently, neoliberalism is a process whose primary historical moment is seen as being located in the early to late 1990s in Mexico (some accounts would go back to the late 1980s but no further). Part of my theoretical intervention in using the language of national popular breakdown is to indicate that the temporality of the transformation of the state is actually of a much longer *durée*. It would not be impossible to get the language of neoliberalism to do this work but I have chosen to foreground its limits in the hopes of generating a

of decades of financial crisis and the breakdown in the national popular state form, an attempt to create a new technology of social regulation. The turn to ontology, or what we might call the construction of worlds, that we can see in *Klingsor* responds to the breakdown of the primary technology of social integration of the national popular state, the management of representation.

Gareth Williams, in *Other Side of the Popular*, has described the form of the national-popular as, in part, a regime of management of “fictive ethnicity” (a term he takes from Étienne Balibar). The national popular manages the play of representations and images, the construction of the state’s fictive, although by no means less real, unity. Williams writes:

Indeed, it is through populism’s repeated attempts to convey an image of national community, and therefore through the modernizing elite’s attempts to convey the nation as a utopic commonality thought and negotiated from above, that language and race (as “the most natural of origins” of identity [96]) become foundational protagonists in the construction of the people as a recognizably autonomous group and as the embodiment of the ideal (national) community. (36)

We might take Octavio Paz’s *Labyrinth of Solitude* (1950) as a quintessential work of social integration via the management of representations. *Labyrinth* famously opens with the other, the *pachuco*, who Paz presents as one of the “extremes” of any potential Mexican identity. In *Labyrinth*, written during the Alemán presidency and during the first turn away from the national popular and toward international multinational and finance capital, we have an attempt to repair and reintegrate the social imaginary of the national popular.<sup>37</sup> The fissures, the non-modern indigenous others and the outliers, the *pachucos* and *pelados*, are registered at the essay’s beginning, and *Labyrinth* then moves on to construct a presumptive people not through a turn to

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productive conversation around them; my aim is not to close off conversation around what we mean by the term, but rather to open it up.

<sup>37</sup> To a much greater extent than other works on Mexican national identity, such as Samuel Ramos’ *Profile of Man and Culture in Mexico*, the cracks in national identity are central, we might even say that they motivate, Paz’s account: “My thoughts are not concerned with the total population of our country, but rather with a specific group made up of those who are conscious of themselves, for one reason or another, as Mexican.... Our territory is inhabited by a number of races speaking different languages and living on different historical levels” (11).

ontology but by managing the play of representations, by caulking, subsuming, or excluding marginal groups into or from the national imaginary.

From the very first paragraphs of the Crack generation's central polemical text, the *Manifiesto Crack* (2000), the breakdown of the national popular machinery of representation is foregrounded. After the destabilizing financial crises of the 1980s and 90s the question of cracks and the people returns, but in an entirely new form. What the Crack manifesto registers is that the primary threat is no longer of splits internal to national popular subjectivity, splits which might undo its coherence, but rather a threat from outside that destabilizes the entire environment of the national popular state and subject. The *Manifiesto* registers this new destabilization of the environment of the nation through a discussion of technologies of cultural production. The old technologies of fictive ethnicity (the written word) are being overtaken not just in terms of market share, but in terms of their fundamental technology—they are two-dimensional, occurring on the plane of representation, while the newest technologies create worlds:

Italo Calvino, I believe, in *Six Memos for the Next Millennium*, was the one to accurately point out the challenges facing the Crack novels. In those pages, Calvino reflected on how literature and, above all, narrative have been losing their potential readers to technology developed for entertainment: video games, mass media, and, most recently, for those who can afford them, virtual reality games through which—oh, paradoxes of development—someone with a very modern helmet and anatomical gloves can see, hear, and even touch the adventures offered on compact discs. (1)

How to solve this problem? One obvious solution would be to leave behind the technology of the book. But the Crack writers will take another: to move from writing that works from identification to writing that constructs worlds:

It is obvious to point out reality itself is multiple, it comes to us as multifaceted, eternal. We need books in which a whole world is revealed to the reader, and can *trap* them. This word has a unique use here. It is not about identification, but the superpositioning of worlds which are being talked about. Using all the metaphorical potential of the literary text so we can say again: “So here you are, meet one another (*encuéntrense*).” (1-2)

This is how I suggest we read *En busca de Klingsor*: as a proposal to move away from the management of the play of representations internal to the national popular, to the structuring of worlds and thereby to the political; as a move from fictive ethnicity or representation to ontology. This move occurs while the environment of the national popular is being destabilized by new forms of predatory financial crises, and as technologies of social integration are being rendered unviable from within the switch to a neoliberal state form. No longer able to build a national popular subject through a technocracy of images, Volpi moves to ontology, to establishing a fundamental structure of the world in order to produce a vision of social and political order. In place of a technology of images, or of representation management, we have a structuralist functionalism; in place of the bond we have natural philosophy; in place of a decision of whether to participate in the nation subjects have a decision to obey the deep ontological structure of the social and political field. Those who choose not to obey collapse into totalitarianism, violence, and madness opening themselves up to the full measure of the state's sovereign force. In place of a management of representations we have, then, a morality play, but one whose guidelines are not determined by the fully divine, but rather by its weak theological substitute: the ontological.

### From the Boom to the Crack

Tracking macroeconomic transformations can help us as literary critics to make sense, as well, of the Crack writers' complicated relationship to the Boom, which they see as a welcome antecedent and ghostly competitor. The Boom, or *literatura profunda* ("deep literature"), is both what Crack wants to return to (against the debased magical realism of the market), but also, to the extent that the Boom is implicated in a post-Cuban revolution pan-Latin Americanism, it is

something with which they want to break. It is this pan-Latin American imaginary that subtends García Marquez's statement on the Boom, "The group is writing one great novel. We're writing the first great novel of Latin American man." Perhaps none of the Crack writers has done more than Volpi to attack this imaginary, and by proxy the national popular and dependency theories that lie behind it.<sup>38</sup>

As Volpi says in one interview, "Cuando nací, el boom estaba allí" ("When I was born, the Boom was there."). The Boom was always there—that is, its pan-Latin American imaginary and the specific form of national popular politics attached to it, and the specific form of integration into the world economy underlying it, already existed. However, by the mid-1970s the crisis of world capitalism had already begun and it would soon bring dictatorships, populists, and pan-Latin Americanists equally to heel. The brief oil boom starting in earnest in 1976 enabled the Mexican state to continue patronage of labor and to support key commodity prices. But finally, after the U.S. Treasury raised interest rates (the famed Volker shock), the crisis of accumulation came home to roost in 1982. A stark choice had to be made: to make the turn to finance (*monetarizar* as it was known then) and socialize the debt onto the working classes and poor, or go against the new grain of the IMF and capitalist restructuring. We know the results of that decision nationally, but what is not often remarked is how this moment is also the end in

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<sup>38</sup> Solidifying this critique and extending it into the moment of the *marea rosada* is one subject of Volpi's *El Insomnio de Bolívar* (2009). No story in the book is more indicative of this complicated relationship than Volpi's narration of the reception of *Klingsor* after changing the nationality of the main character from Mexican to US American. Volpi writes:

At the end of 1998 I realized that there was something ridiculous that a Mexican, and what's more a physicist, dedicated himself to hunting Nazis in Germany. Only then I decided, as a simple matter of verisimilitude, to change the nationality of my character, who became American and is now called Francis Bacon, after the Elizabethan philosopher. In April of 1999 this book, already renamed by Guillermo Cabrera Infante as *In Search of Klingsor* won the Premio Biblioteca Breve, which in its first period had been an emblematic point of union between the two shores of the Atlantic, and the press hastened to point out that this time it was given to a book by a Mexican who didn't seem like a Mexican, a Latin American that—strangely enough—did not write about Latin America. That pragmatic decision to transform a Mexican into a gringo became an unexpected manifesto.(24)

Mexico of the pan-Latin American imaginary created in the aftermath of the Cuban revolution and with the help of the Boom novels. The declining rate of profit forces an *Aufhebung*, a moment of Schumpeter's creative destruction, and a new regime of integration into the world market destroys a fictitious (*criollista*) continental unity. As the Boom fades, as the cracks multiply, and as the crisis can no longer be put off, the imaginary of pan-Latin American unity and its national popular figures crumble. If it is the case that "when I was born, the Boom was already there," then when Volpi and Crack came of age the Boom had been backed into *la crisis* of finance.

The Crack generation and the Boom are both literary movements directly tied to English-language economic vocabulary and, by means of this anchor, to particular historical regimes, moments of accumulation, and geopolitical imaginaries. The Boom references both the good years and in Spanish also a suspicion that underlies their effervescence. This is even more the case than in the English, for the reappropriation of the word into Spanish carries a fatal realism that booms are more often than not bubbles. The Crack, the English loan word used in Spanish to denote stock market crashes, such as that of 1987, refers to not a crisis of production but of finance: "One speaks of the crisis in the Anglo-Saxon terms which have taken over the greater part of the economic science, as the *crack*" (*Mexico ante la crisis*, 13). As the Boom fades, the Crack surges. From the fading of the structure of accumulation that gave rise to booms in production to failed accumulation based in government borrowing and financial crisis—that is, crack—the imaginary subtending these moments changes as well.

These imaginaries are marked, at their root, by two different approaches to worlds. In perhaps his most famous essay, "On the Marvelous Real in America," Alejo Carpentier writes, "Because of the virginity of the land, our upbringing, our ontology, the Faustian presence of the

Indian and the black man, the revelation constituted by its recent discovery, its fecund racial mixing [*mestizaje*], America is far from using up its wealth of mythologies. After all, what is the entire history of America if not a chronicle of the marvelous real?" (1995, 88). In the Boom, the stable structure of national popular *mestizaje* (which forms a stable, recognizable "ontology") produces a politics of representation and the opening for the exploration of the (potentially) utopian difference of the "marvelous real." The worlds of the Boom are spaces in which the play of representation occurs, where the logic of *mestizaje* plays itself out and where the ontology of the space is not in question. But in the Crack generation, as the very foundation of the national popular world becomes unstable, cultural production moves to the construction of worlds themselves as a counter to the instability of financial forms of accumulation and crisis. As in Volpi's *Klingsor*, the human community is thought not through figures of hybridity or representational mixing and management but rather through an absolute divide.

### Finance, Race, and Division

On the level of the nation, *Klingsor* charts and participates in a larger cultural shift away from fictive ethnicity and representation to a concern with restablizing ontologies and worlds. As Joshua Lund has shown, the apparatus of fictive ethnicity, that of *mestizaje* in the case of Mexico, is at root a racial theory of the nation, even though it is not often recognized as one. If *Klingsor* charts a shift between two regimes of control, what happens to race as the racial structure of *mestizaje* is left behind as a foundational fiction? The literature on shifting forms of racialization in Mexico has seen the 1980s and 90s as marked by the rise of important new indigenous movements and also as a shift in the state ideology of race, from *mestizaje* to a

neoliberal multiculturalism or pluriculturalism.<sup>39</sup> *Klingsor* represents a different, but equally important, response to the breakdown of the system of racialized control which had theories of mestizaje and *lo mexicano* at its heart.

We have seen that the system of control we find in *Klingsor* is one in which subjects face a choice to obey the ontological structuring of the world—if they do not they are marked or tagged as being outside the human community (such as the Nazi sympathizers). However, it is important to note that this tagging is tendential—that is, it comes not from the sphere of law (concerned with acts and actions, right and wrong) but from the sphere of security, concerned, as Foucault has noted, with probability, not with prohibiting but with keeping outcomes within a certain acceptable range (*Security, Territory, Population* 21). In *Klingsor*, one is not unequivocally pushed out of the human community for trespassing on the belief in a radical indeterminacy at the heart of the world—rather this distinction is always hovering, like a threat, waiting to be applied. An ontological distinction between groups and the threat of potential exclusion are what mark one part of the new infrastructure of control in Mexico that emerges out of the financial crises and national popular breakdown of the 1980s and 90s.

Certainly to some readers' ears a form of control based in an ontological division between two worlds will be a familiar form, as it has served as the basis for a long tradition of crude popular and state understanding of the relationship between indigenous and mestizo/ladino communities in Latin America.<sup>40</sup> This then is the racial recoding Volpi's novel performs: in a

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<sup>39</sup> Key works on this period in Mexico include Rebecca Overmyer-Velázquez's *Folkloric Poverty Neoliberal Multiculturalism in Mexico* (University Park, PA: The Pennsylvania State University Press, 2010) and Marilyn Grace Miller, *Rise and Fall of the Cosmic Race: the Cult of Mestizaje in Latin America* (Austin, TX: University of Texas Press, 2004). For an influential theorization of neoliberal multiculturalism which many others have drawn on see Charles Hale, *Más Que Un Indio: Racial Ambivalence and the Paradox of Neoliberal Multiculturalism in Guatemala* (Santa Fe, NM: School of American Research Press, 2006).

<sup>40</sup> In *The Inner Life of Mestizo Nationalism* Estelle Tarica has demonstrated how mestizo nationalism has at its heart a form of *indigenismo* which has served to critique some forms of racial and economic injustice while also perpetuating myths and dogmas about indigenous communities. What happens in the security moment I am arguing

moment of the decaying of the state racial formation grounded in *mestizaje*, his novel draws upon the other racial formation in circulation and elevates it to the level of a social theory. In the process, its roots in a racial formation disappear, but the category's exposure to state violence and force remains.<sup>41</sup>

In Volpi's text we can register the emergence of a new form of thinking the community of the nation, one based in the construction of a mobile ontological divide. This is the imaginary that begins to concretize, in the popular discursive sphere, around the same time as Volpi's novel into the figure of the *delincuente*. A key moment of public visibility of this new racializing formation was seen on September 27, 2004, when the NGO México Unido Contra la Delincuencia, in association with the conservative business groups Copramex and Canacintra, brought out over 350,000 upper and middle class residents of Mexico City, all dressed in white, to protest "insecurity" and "*delincuencia*."<sup>42</sup> Unlike previous racializing formations that of *delincuencia* is detached from both biology (a phenotypical definition of "race") and culture (a concept of "race" based in ethnicity or cultural markers). For who is the *delincuente*? No one, but also everyone. It is a mobile category that can be applied to anyone found dead in the street or anyone accused of organizing against the state. It is a category that then morphs in the present into the figure of *delincuencia organizada*, a phrase that dropped so casually and frequently from ex-Presidente Felipe Calderón's lips as he launched his "war on los narcos." As we have seen on numerous occasions, such as the Masacre de Villas de Salvárcar, where 16 schoolchildren, between the ages of 15 and 20, who were brutally murdered at a party, were accused of being

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is a similar (isomorphic) shift: a decaying *mestizaje* appropriates not a literary discourse of indigeneity but a brutal popular racist one to transform and breathe new life into itself.

<sup>41</sup> This is not to try to argue, of course, that racial formations and discourses of indigeneity disappear, nor to elide the lives and experiences of indigenous communities that continue to live under them. Nor the important work that is being done tracking shifting relations between indigenous and non-indigenous communities in Mexico. See for example Emiko Saldívar "'It's Not Race, Its Culture': Untangling Racial Politics in Mexico" (2014).

<sup>42</sup> México Unido Contra la Delincuencia was founded in 1998 making its emergence co-terminus with the publication of Volpi's novel, see <http://www.muco.org.mx/>

*delinquentes, delincuente* is the word whose mere shadow turns even the most innocent into violent killers.<sup>43</sup>

This is not to say, of course, that there is still no longer a relevant discourse about indigeneity or that racism based on aspirational whiteness has disappeared in Mexico. Moreover, this is not to ignore the important changes in the state position towards indigenous communities, such as the inclusion of pluricultural language in the Mexican constitution (1992) and allowing for forms of indigenous self-governance (2001 for the majority of states).<sup>44</sup> What we can see in the construction of the figure of the *delincuente* is, rather, another form of adaptation, wherein the form that racist discourse took in its popular, vulgar version in the twentieth century has been extracted and generalized, but also rendered post-racial. Which is, again, not to say that this vulgar racist form is still not in circulation, but rather the state and the far right parts of civil society are, especially since the end of the 1990s, relying more on more on the *delicuencia* discourse as a preferred discourse of social control against the poor, marginalized, and politicized. At the same time, it is important to note that this shift to a “post-racial” formation is without a doubt driven in part by the success of attacks by indigenous groups in the late 1980s and 1990s in forcing open the sphere of representational politics whose closure had been justified by or explained away with the national popular racial formation.

Is *delicuencia* and Volpi’s ontological divide, then, a racial structure? Is it to the extent that it does the work of race or that it is used to police communities and bodies that were marked

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<sup>43</sup> Interestingly, this runs somewhat parallel to what happens in the United States where prior versions of either biological or culturally sourced versions of “race” are re-coded as race neutral through discourses of “national security threats,” “illegal immigration,” and “urban crime.” In this case de-racialized categories are used to do similar work as prior racialized ones. What we see in this case in Mexico is the ascendancy of a new set of categories which function to mark a potentially even broader set of bodies and populations and in a relatively new fashion. Another corollary in the U.S. context would perhaps be the construction post-9/11 of the category of “brownness” and the way it interpellates new sets of previously unconnected individuals and populations.

<sup>44</sup> Reforms concerning indigenous self-governance were left by the federal government to individual states. Reforms were passed by 22 states; Oaxaca passed legislation allowing for governance by *usos y costumbres* in the late 1990s (Eisenstadt 48).

first by biologically or culturally racist discourses. In the twentieth century, the two primary racial formations in Mexico, mestizaje and popular racist indigeneity, fused some into the nation, into certain labor markets and capital flows and excluded many others. *Delincuencia* does this work now but it does so, we might say, without explicit reference to a racialized “content,” by other means. Those means are an ontological divide which is mobile, no longer tied to biology, culture or territory and governed by an imputed spatial and cultural division between the urban and rural, modern and pre-modern. One result is the *delincuente* names an almost unlimited population—having detached itself from biology and culture, this distinction now roams free across every potential body and space. Volpi’s work is not the only source or the most developed elaboration these new formations that do the work of racialization, his work participates in their construction and is a site where we can register their appearance and, most importantly, grasp how a shift to ontology is a necessary condition of their elaboration.

### Eschatology and Ontology

In Volpi’s work we can register not just a new natural philosophy in the turn to ontology but a new theory of history and temporality which, as well, grapples with the historical conditions of *la crisis* and finance’s rise. Volpi’s contribution to the *Manifiesto Crack* is titled “Donde quedó el fin del mundo?” (“Where is the end of the world?”) In it Volpi offers interpretations of the main Crack novels through the lens he variously calls eschatology, chaos, or “el fin del mundo”:

The end of the world can be believed and praised, as in *Memoria de los días*; can be reached by car or train, as in *Las Remoras*; can be recalled and rebuilt in childhood and in the past, as in *La conspiración idiota*; can be cultivated inside oneself to the point of madness, as in *Si volviesen sus majestades*; and can also be granted to others as an infamous Pandora’s box like in *El temperamento melancólico*. Be that as it may, in any

one of these cases, nobody is free from this last illness, this fifth rider, this plague, and this entertainment: this last state of the heart. (8)

What is the connection between what we have been calling ontology and “the end of the world”? If we return to *Klingsor* we can rephrase this question as: what happens when history becomes, instead of progress, modernization, even as a false horizon, perpetual crisis, a series of false starts, a set of uncontrollable events that leads not nowhere—for eschatology is not the end of history but its culmination and its horizon—but to unsettled endings, non-knowledge, paralysation? In a world of unoperative indeterminacy, like that of *Klingsor*, history becomes catastrophe, the novel becomes eschatological, and the subject becomes structured not by the other as in Paz but by the experience of catastrophe. When events have no causes, when every event is a *golpe*, history is not over but rather can only be experienced as catastrophe.

We need to specify what we mean by catastrophe, particularly because Volpi’s sense of catastrophe is one of the central moments of a transmission of a new conceptual figure of finance into the novel. In the twentieth century, there have been two important loci for the thinking of catastrophe. In the first, moving out of the work of Heidegger and post-Holocaust philosophers like Jean Améry, catastrophe serves as a synonym for the depredations of modernity, technology, and the way they can combine to produce events like the Holocaust. The second is based in the work of Walter Benjamin: “The concept of progress must be grounded in the idea of catastrophe. That things continue to ‘go on’ is the catastrophe” (*Arcades* 473, trans mod). For Benjamin, whose notion of catastrophe was elaborated under the conditions of German hyperinflation, or a moment of early twentieth century financial crisis, the catastrophe is the relentlessness of time continuing to move forward, the angel with its back turned with the debris of modernity piling up against its wings, the fact that no one has yet pulled the emergency break.

Starting in the 1980s in the global North, catastrophe was rearticulated in a new context: the financialized economy. New senses of catastrophe emerged out of two parallel financialized shifts that began in the 1970s at the end of the post-war boom. The first is the shift from the large-scale pooling of risks common to the welfare state to neoliberal forms of individualized risk such as 401ks, personal health plans, and adjustable rate mortgages.<sup>45</sup> The second is the turn to finance as a means of compensating for failing accumulation. With these forms of financialization, a new theorization of catastrophe emerges and spreads into popular cultural life in the global North: the catastrophic risk of the near future, the black swan.<sup>46</sup>

“Black swan” was a term used in 2001 by Nassim Nicholas Taleb to describe catastrophic events—particularly financial ones—that occur without warning and partake in a characteristic particular to fields involving organic and non-organic matter (e.g. economics, biology, history), namely, that of extreme discontinuity.<sup>47</sup> Simply put, black swans are events that are nearly impossible to predict based upon known conditions; they exist, then, neither in the present nor the future, but rather in the ever-receding horizon of the near future. Taleb’s theory circulated widely and served both as an explanation of financial crises and as an analysis of the emergence of this new form of financialized risk. Indeed, many of the innovations underpinning the post-73 regime of finance-led accumulation, such as derivatives, swaps, and options, attempt to profit from or protect against near-future events, thus turning this temporal space into an important object of knowledge. The problem, of course, for both accumulation and prediction is that the

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<sup>45</sup> Tom Baker and Jonathan Simon (eds.), *Embracing Risk: The Changing Culture of Insurance and Responsibility* (Chicago: University of Chicago Press, 2002).

<sup>46</sup> The notion of “near future” is derived from the science fiction wherein “near future” is a genre of works defined by their concern with tracing the consequences of trends with a given moment of contemporary society. Near future novels are distinguished from other science fiction (like far future) by their working of the temporal penumbra of the present; as such, they are about prediction and projection.

<sup>47</sup> Nassim Nicholas Taleb, *Foiled By Randomness: The Hidden Role of Chance in the Markets and in Life* (New York: Texere, 2001).

near future lasts forever, that its horizon never arrives or if it does it always does so in an unpredictable fashion.<sup>48</sup>

The pace and form of the spread of these new instruments of finance is much different in Mexico, however. The dismantling of the pension system doesn't begin until 1997, and, while derivatives and securitization play a major role directly before the 1994 crisis, they are not widely discussed or theorized in the popular press. The forms of catastrophe that works like *Klingsor* meditate upon and mediate are those resulting not from near-future risk, but on-going financial crisis, such as those seen in 1982, 1987, and 1994, and this gives the elaboration of catastrophe as a theory of history in Mexican popular and high culture its special form and feeling. If the rise of the finance in the global North is associated with the figure of the near future and cataclysm, in Mexico catastrophe is less heroic, less singular—instead of majestic black swans we have fizzled ugly ducklings, instead of cataclysm breakdown, we have perpetual crisis with no endpoint in sight.

Examples of catastrophe proliferate across *Klingsor*, from Bacon's love life to the actual building of the atomic bomb, but one of the most interesting is the scene that opens the novel, in the novel's preface which brings together the thematics of catastrophe, indeterminacy, and the slide into totalitarian will. The preface takes the form of a letter by the novel's narrator Gustav Links, but the preface is structured as a short story, rather than a letter, and opens with a voice saying "Basta de luz!" ("Cut the light!") That voice is Hitler's and the preface recounts, from not a first-person perspective, but rather an omniscient one, Hitler, as his regime crumbles around

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<sup>48</sup>After the attacks on the World Trade Center and the ENRON scandal in 2001, these financial and actuarial concerns with catastrophe were transformed into social theory. Richard Posner, conservative jurist and University of Chicago professor, was one of the first authors to extend the notion of catastrophic risk into a totalization of the present. For Posner, society is inherently unstable and is defined by its exposure to unforeseeable catastrophes that might occur at any moment—including everything from asteroids, plagues, and natural disasters to biological warfare, terrorism, and political violence. Posner argues that the state must dedicate itself to predicting, policing, and protecting against these *rara avis* that inhabit the murky swamp of the near future.

him, watching and rewatching films made especially for him of the torture of the enemies of his regime.

The opening set up of this scene links together political violence (as the antithesis of liberalism, of Volpi's vision of civil society) with fanatical, excessive pleasure and repetition: "With the enthusiasm of a child who listens again to his favorite story, Hitler savored for the umpteenth time the show" (11). The fall of the Reich is imminent; Hitler is "obsessed with the irreality of cinema." What is Hitler's mistake, why does he live in an "irreality"? Hitler still believes in determinism, in cause and effect, and this is the source of his pleasure in the repetition of this cinematic irreality: "The succession of causes and effects began their ritual cycle, celebrating again and again this feeling that was provoked in him by news coming from the front..." (12). Causes and effects, preceding and proceeding from each other: this is irreality. What instead is the true nature of history? Links illustrates it as he moves from recounting the perverse repetition of Hitler's illiberalism based in the irreality of determinism to history as chance, catastrophe, and "golpes de suerte" ("blows of fate").

The first narrative of chance is a failed assassination attempt against Hitler. The attempt fails because of "a minimal error of calculation—a triviality: one of the bombs could not be activated or perhaps the briefcase was too far from the place where Hitler was sitting—sinking the plan" (13). Links, as a member of the cabal that planned the attack, is captured. However, on the day of his trial, Allied forces launch their most intensive bomb attack on Berlin yet, and the trial judge is killed when part of the wall collapses and falls on him. Links brings these two events together under the sign of chance: "The afternoon of July 20, 1944, a stroke of luck saved Hitler... the morning of February 3, another stroke of luck saved me" (18). This presents not just the problem of chance, of the end of determinism as ontology for Links, but a problem of an

imaginary as well, of the inability to sustain a symbolic, to give meaning: “Still I don’t know to what extent it is possible to establish a relationship between these two facts. Why do I persist then, so many years after those events, in connecting movements of chance which in the beginning have nothing to do with each other?”(18). Here we have another version of the novel’s ontology: reality is indeterminate, believing in determinism tendentially leads to illiberalism. Moreover, we have to struggle with our desire to make these kinds of deterministic connections between what are random occurrences, mere *golpes* or blows.

Here in the preface as narrated by Links, Volpi connects this ontology of indeterminacy to a new figure: catastrophe. If history is nothing but a series of “blows of fate” of unpredictable, chance events that occur without warning, then all history is catastrophe. All events are catastrophic events, as they occur without warning: even the positive ones, such as being liberated from a certain death penalty by the chance collapse of a wall (the connection to the fact that Gustav’s introductory letter to the novel is dated November 10, 1989, the day of the “fall of the Wall” should not be missed here):

Perhaps because other coincidences, no less terrible, have forced me to write these pages, if I dare to join facts apparently unconnected, as the salvation of Hitler and my own salvation, it is because mankind has never before known so closely forms of disaster. Unlike other times, ours has been decided with greater strength than ever by these winks, by these demonstrations of the ungovernable Kingdom of chaos. I intend to tell, then, the plot of the century. Of my century. My version of how random has ruled the world and about how the bombers of science try in vain to tame its fury. (18-9)

The history of the twentieth century, in Volpi’s version, is the discovery of chance at the heart of ontology—and the failure to “domesticate” it. As a result, we have not exactly the end of history, but the reign of catastrophe. In the same way that chance as the heart of the ontological conditions politics in Volpi, it gives rise to a philosophy of history: one in which all events are catastrophic, because they are chance events, they occur without foresight, without rhyme or

reason. An ontology of chance gives rise to an obsession with eschatology because it implies the end of the symbolic, the end of an ability to see systematicity, that is those larger structures, as Elizabeth Wingrove has argued (“Ontology” 91), that determine the position of individuals and condition at least parts of or at least indirectly individual consciousness and experience. For a thinking of systematicity as a structuring of historical experience, Volpi substitutes its negation, chaos, repetition, catastrophe, and “the end of the world.”<sup>49</sup>

Thus in Volpi there is only crisis, which first appears similar to the way near-future catastrophe comes to be thought in global North discourses, as a singularity. There is, however, a key difference; namely, instead of a strictly financialized catastrophe, Volpi’s catastrophe is a subaltern financial one, because the temporality of crisis is different. Crisis or catastrophe is not the singularity as it comes to be thought in the North, as what irrupts, rather it is the horizon of all experience—in Volpi there is only the zero time or the repetition of catastrophe; that is, there are no intermittent long waves of accumulation between the singularities of crises as in the financialized conceptions. In Volpi’s novelistic imaginary, crisis is perpetual, failure is assured, and melancholy and paralysation the dominant affective categories (not terror and trauma, which is a crucial distinction). While in global North financialization, crisis is a category to be defended against, a moment of creative destruction that makes possible a new cycle of accumulation, and, as such, it is viewed as sublime, a terror, what leaves traumatic traces deep in the somatic subject, and as something to be both dreaded and awed. In *Klingsor*, instead of majestic and dreadful black swans, we have simply fizzled hopes, ongoing crisis, gestures that fail

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<sup>49</sup> Joshua Clover’s “Retcon: Value and Temporality in Poetry” discusses two forms of causality linked to post-73 cultural production: *Hysteron proteron* or the inversion of cause and effect and *retroactive continuity* (retcon) which involves an “annealing of logical fissures in a given backstory after they have cracked open into system threatening incoherence in the present” (14). In Volpi we see a third, subaltern form, the cancellation of causality itself.

beforehand, searches and investigations that end in frustration, betrayal, giving up. This is the affective specificity of financial catastrophe in the periphery.

We might say that the subjective category of disaster or catastrophe the novel presents is unique in these two features: first it is generalized, it sits on the horizon of any social situation and second it structures subjectivity turning subjects into paralyzed figures incapable of acting, who are only thrown forward by the *golpes de suerte* that uncertainty rains down upon them. The characters of Links and Bacon are structured, to a great extent, by their inability to act, by their paralyzation in the face of catastrophe. For them, especially in the case of Bacon, it is not a conscious decision, to act or not, to indulge in individual will, he simply is unable to move, to set course in a direction. We might say that Bacon and Links are classic figures of the periphery, of the melancholy Roger Bartra has so perceptively analyzed, of underdevelopment: they are not only always paralyzed before the world, they always lose.

At the end of *Klingsor*, after the end of the war, the Soviets have decided that Links is Klingsor; Bacon decides not to save him. These are Bacon's last words as reported by Links: "In this game we *all* have lost—were the last words which he said to me. They had been like the kiss of Judas. Sorry or not, Bacon had turned me in" (440). And so the novel ends, echoing the classic figuration of Mexican dependency (so far from God, so close to...): "...far from God, our wounds continue festering for all of eternity" (440). Eternal wounds, eternal losers. No matter how much the novel appears to subscribe to a "globalized" world (i.e., as a "Mexican" novel which does not take place in Mexico), the structures of feeling of dependency return. We can only wonder if their permanence is simply a sign of how little has changed between a post-WWII moment and the brave new era of globalization's level playing field.

In *Klingsor* catastrophe comes to structure the subject—the repeated experience of the non-connection of events generates this “final state of the heart.” *Klingsor* then contains two different structures of subjectivity, both of which have at their source the ontology of indeterminacy: first, we have the subject’s struggle against its totalitarian, illiberal desires, its desire to see some form of systematicity other than chance behind the world’s waxing and waning and, second, the subjectivity of weariness (a Hegelian term Padilla deploys in the Manifesto), of paralysation, created by the repeated experience of history as crisis, which now has no narrative, no potential causal structure, which is not quite trauma or traumatic, not quite something like shock or terror, but catastrophe and thorough failure. As a register of the historical moment of *la crisis* and its aftermath, Volpi’s notion of catastrophe captures the new disconnections, instabilities, and indeterminism that follow in finance’s wake, as well as something of the abstract, depersonal level that finance operates on.

I have dwelt on this part of *Klingsor* because it is here we can register a popular conception of historical time which has circulated widely in Mexico. While the “end of history” has been widely proclaimed (and critiqued) in the global North, the end of the belief of promises of progress and modernity occurred within a different context in Mexico, that of almost twenty years of financial crisis. Instead of a sense of history as overcome, we have history as a catastrophic and unending series of shocks—ones that occur without rhyme or reason. This figure has circulated in popular discourse under the terms *desmadre* and *chaos* as descriptors of the social situation in Mexico, in particular in urban environments where individuals and the material infrastructure of everyday life are very exposed to the consequences of financial crises.<sup>50</sup> Reading *Klingsor* allows us to register this specific sense of the end of history in its

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<sup>50</sup> For example, the term *desmadre* has its roots in the student protest culture of 1968 and is co-terminus with the first major cracks in the national popular state form. Jaime Pensado in *Rebel Mexico: Student Unrest and*

context of peripheral financial crisis. It also allows us to ask a follow up question to Volpi's proposed solution: that is, whether the only path through these new indeterminisms and abstractions is to accept their most extreme versions and make a turn to ontology.

### The Long Tail of Catastrophe and Ontology

Subjects structured by catastrophe and the concern with ontology do not end with the work of Jorge Volpi; rather they have filtered forward into later cultural work and in particular into the period of the drug war, where neither the catastrophes nor the instabilities have diminished.<sup>51</sup> For example, Sergio González Rodríguez's *Mal de Origen* (2011) is a kalidescopic non-fiction work which turns around notions of the present as catastrophe, lack of the sacred, urban disintegration and the potential for culture to be preserving force. The subject we find in *Mal* is one structured, much like Volpi's, by catastrophe:

En otras palabras, el lastre diario de la catástrofe, ese cortocircuito de los vínculos entre lo humano y lo inhumano que describe Annie Le Brun: en el fondo de cada persona, reside un sentimiento obsesivo de la catástrofe, como un eco lejano de pulsiones de largo

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*Authoritarian Political Culture During the Long Sixties* (2013) highlights a student radical desmadre subculture which "stressed extreme short-term hedonism, masculine aggression, disdain of work, spontaneity, and excitement performed as an end in itself" (76). We can see one example of the word's evolution into a metonym for Mexican social reality in the aftermath of the 1982 and 1994 crises in Roger Bartra's *Blood, Ink, and Culture: Miseries and Splendors of the Post-Mexican Condition* (2002) when he writes: "We can no longer critique Mexican culture in the name of modernity, of a liberal-inspired modernity that raised up the banner of 'progress.' We have to critique modernity from the standpoint I call dismodernity, or better yet—taking a cue from *desmadre*, Mexican slang for disorder—*dismothenity*" (9).

<sup>51</sup> They have filtered forward in the work of Volpi as well. His *Memorial del engaño* (2014) deals with the financial crisis of 2008. It continues some of the main themes of *Klingsor*, but is marked key differences as well. First, *Memorial* takes the form of an autobiography of a fictitious New York financier named J. Volpi and is built around a series of literary tricks and shifting frames that destabilize the reader's ability to interpret the events of the novel. In a way similar to *Klingsor*, *Memorial* turns around indeterminacy, but it feels less concerned with causality, and more so with advancing a perspective on finance as ultimately falsifying or speculative. In this way, *Memorial* also shares with *Klingsor* a certain moralism; however *Memorial* is much more driven by a sense of moral outrage at the depredations of politicians and Wall Street types in producing the 2008 financial crisis. The emphasis on ontology feels like it has receded, with a kind of neo-developmentalism or suspicion or anger at "speculation" taking its place. The issue with this work would be that it conceives of the financial crisis as the result of individual behavior and is unable to see how this crisis was the result of on-going crises in production, a situation that will not be solved by re-regulating the financial sector, restoring production's rightful primacy, or castigating the poorly behaving speculative financiers and politicians.

alcance, cuya amplitud a veces percibimos “con estupor pero cuyo origen se nos escapa”.  
¿Qué hacer? (21-22)<sup>52</sup>

While in Heriberto Yépez’s *El imperio de la Neomemoria* (2007), a book concerned with the links between imperialistic U.S. culture and memory, gives its final pages to ontological speculation; the universe, as Yépez writes, “is not”:

The world is an archipelago in time. Each universe is a macro-island that in its own consistency, pulses. But space-time mutates, and its information is lost forever and where before was its body, there is now another obeying different laws, and between universe and universe, the illusion of fixity. If synchronically there are parallel universes—each ruled by its own laws—also diachronically heteroclitic chaosmoses disappear and appear, separated from each other by an uncrossable abyss, by a pulsating irregularity. Science becomes an absurdity, if it doesn’t heed that principles discovered today will serve only for a certain, indeterminate, perishing space-time, because life is a life always inside another death. All memory is temporal. All laws will perish. All history has limits. All texture, loses its plot. (251)

Whereas *Klingsor* grounds its ontology in indeterminacy, Yépez’s vision of indeterminacy is distinct: it is not that there are no rules but rather that the rules can change at any time, that is, “all laws perish.” Yépez’s vision both converges and diverges with that of Volpi: it is possible that there could be moments of stability (a given set of laws), but it is equally possible that the universe could be subject to an even more savage version of indeterminacy with its ontology (its “laws”) transforming every minute or even every second, all without warning or without reason.

What a reading of Volpi’s work demonstrates is the deep roots of the tropes of ontology and catastrophe within a response to financial and state crisis and their continuing importance, in both literary and popular discursive spheres, in the present. As long as capitalists and states continue to attempt to solve the long downturn that began in the 1970s with (failed) finance-led accumulation, it appears in Mexican cultural production that catastrophe will continue to serve as

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<sup>52</sup> Translation: In other words, the daily burden of catastrophe, that shortcircuit between the human and the inhuman describe by Annie Le Brun: at the bottom of every person lies an obsessive sense of catastrophe, like a distant echo of instincts reaching, whose amplitude sometimes perceive “with astonishment but whose origin eludes us.” What to do?

the site of subject formation while ontology will continue to serve as a fraught waystation in the storm of the national popular's demise and unending financial crisis.

### Ontology in its Historicity

What we have been calling in this chapter, following Volpi, indeterminacy is a question that goes to the very heart of the historical formation of capitalist finance, which has always been linked both to states and their war machines and to the science of probability underpinning them and problems of belief and decision those sciences and states give rise to. While this is not the place for a full discussion of these relations, we can make a few brief gestures towards a historical account. Probability, as Ian Hacking has argued, underwent the first of many modern revolutions around 1640 as part of a shift to new financial instruments to fund colonial trade and exploitation and the military apparatus to support it (*Emergence of Probability* xx). One way of understanding modern probability theory is as the science of limiting chance or as the mathematics of the non-deterministic world which finance and financial speculation require.

That is, moments of finance-led accumulation requires at least in thought that is engaged in supporting this accumulation—or in thought overtaken by its historical conditions—a recognition of some form of indeterminacy as a component of the natural, economic, and social worlds. This recognition, however, frequently leads to crises of belief (of despair over non-determination and human's inability to parse and predict the future) and a turn to decisionism, as states and state reason prefer if not tightly welded, then delimited intellectual formations. This despair, so palpable in any moment of finance, is the antechamber of decisionism, and Blaise Pascal is perhaps first figure to embody this contradiction between a recognition of indeterminacy and a turn back against it that we have been tracing so far in the much later work

of Volpi. Pascal, a mathematician who used his theory of probability to prove the existence of God before leaving science behind completely. It is perhaps not surprising then that Pascal's materialist theory of belief (roughly summed up as "get on your knees and you will eventually believe") is marshaled by Althusser in the 1970s to describe why proletarian subjectivity has not changed more in the moment of the proliferation of instabilities and the breakdown of post-war welfare states. Pascal was not the only site for this kind of working through of these new conditions; as we have been arguing ontology was another.

In the preface to the second edition of their *Hegemony and Socialist Strategy*, Laclau and Mouffe narrate the theoretical impasse of Marxism in the 1970s. In the face of the ongoing restructuring driven by finance's rise, there was an increasing gap between capitalist realities and what the theory could describe. This gave rise, in their account, to two options: retreat into the orthodox bunker or give an ad hoc descriptive account of the new conditions. Laclau and Mouffe describe their approach as third, more rigorous option: they seek the preconditions of Marxian categories and new possibilities for their use. Their approach however is not just a rethinking but rather is cast in terms of renewing the ontological paradigm that underpins Marxist categories:

There is one aspect in particular that we want to underline at this point. Any substantial change in the ontic content of a field of research leads also to a new ontological paradigm. Althusser used to say that behind Plato's philosophy, there was Greek mathematics; behind seventeenth-century rationalism, Galilean physics; and behind Kant's philosophy, Newtonian theory. To put the argument in a transcendental fashion: the strictly ontological question asks how entities have to be, so that the objectivity of a particular field is possible. There is a process of mutual feedback between the incorporation of new fields of objects and the general ontological categories governing, at a certain time, what is thinkable within the general field of objectivity. The ontology implicit in Freudianism, for instance, is different and incompatible with a biologist paradigm. From this point of view, it is our conviction that in the transition from Marxism to post-Marxism, the change is not only ontic but also ontological. The problems of a globalized and information led society are unthinkable within the two ontological paradigms governing the field of Marxist discursivity: first the Hegelian, and later the naturalistic. (x)

What motivates the need for this change of ontological paradigm in Laclau and Mouffe is the discovery of chance: “If as shown in the work of Derrida, undecidables permeate the field which had previously been seen as governed by structural determination, one can see hegemony as a theory of the decision taken in an undecidable terrain. Deeper levels of contingency require hegemonic—that is, contingent—articulations” (xi).

The turn of Laclau and Mouffe to ontology has not been an isolated event. All across the realm of social theory, the last thirty years have witnessed with different inflections and temporalities versions of this same ontological turn. In the field of political theory, Stephen White has noted how the work of well-known anti-foundationalists, such as Judith Butler, William Connolly, George Kateb, and Charles Taylor, do not sustain that anti-foundationalism when it comes to describing the political. White argues that these theorists have recourse to “weak ontology,” in a way that is perhaps similar, as we have seen above, to Volpi.<sup>53</sup> As Carsten Strathausen has noted Hardt and Negri, Badiou, Agamben, and Žižek have all turned in different ways to ontology:

The term “ontology” occupies an increasingly prominent place in current politico-philosophical discourse. “Political philosophy forces us to enter the terrain of ontology,” declare Michael Hardt and Antonio Negri (*Empire* 354). Ernesto Laclau recently said that he has “concentrated on the ontological dimension of social theory”.... Giorgio Agamben’s critique of the state of exception and of today’s concentration camps is intimately tied to his ontological reflections regarding our potential existence beyond sovereign power: “Until a new and coherent ontology of potentiality” has been found, he argues, “a political theory freed from the aporias of sovereignty remains unthinkable”

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<sup>53</sup> In the field of economics, Tony Lawson’s work, which argues that the natural and human sciences must have different methodologies, has brought to the fore the question of the ontology of economic methodology. In the field of science and technology studies, the combined work of Bruno Latour and a cohort of “object oriented ontologists” have argued for the need for new social ontologies which would decenter the human and make room for distributive or non-human forms of agency. While recently, the field of anthropology has been undergoing its own ontological turn, which is figured as an attempt to move beyond “culture” to “ontology” defined “as the multiplicity of forms of existence enacted in concrete practice” (Holbraad, Pedersen and Viveiros de Castro, n.p.). For its part decolonial theory, has been, in part, motivated by a turn to “relational ontology” or “trans-ontology”; a move beyond the modernist ontology of subject and object to a Levinasian ethics grounded in the self-Other relation (*Local Histories/Global Designs* xvii and *Globalization and The Decolonial Option* 112).

(*Homo Sacer* 44). Likewise, Alain Badiou's political writings are intertwined with his mathematical ontology of set-theory, and Slavoj Žižek's exhortation to return to the legacy of Lenin in order to combat global capitalism remains inseparable from his ontological determination of capital as the real. (n.p.)

As Strathausen also notes it is perhaps a little strange to see so many critical theorists grounding their work in ontology; ontology which was for a good part of the twentieth century, due to the connection between Heidegger and German fascism, considered an entirely conservative discourse, anathema to any left, anti-capitalist thought (n.p.). While not all of these ontological turns engage in the same direct way as Laclau and Mouffe with chance and “undecidability,” what we can see in each is a search for a new ground for critique after the decline of the global socialist imaginary—in the face of the long downturn and rise of finance—in the form of a turn to ontology. Much as in Volpi, left academic social theory faced with the uncertainties of a moment of failed finance-led accumulation and on-going crisis has had recourse to the waystation of ontology. There is then a limitation to these new forms of social theory: the force which has shaped their conditions of possibility and against which their turns to ontology occur, i.e., the rise of finance, is—to a great extent—nowhere addressed in their theoretical interventions.

If we pull back for a second from Laclau and Mouffe's self-presentation, we can locate their work in a longer tradition of philosophical Marxism that intensifies in the 1970s, which, starting from the work of Althusser (but stretching back to Lukács), represented a turn away from political economy, away from thinking what we might call following Elizabeth Wingrove the systematicity of capitalism (“patterns of economic, social, symbolic, etc. regularity that make ‘individuality’ legible to us as a category of human existence” [“Ontology” 91]) and a turn to philosophy, specifically to, as Laclau and Mouffe point out, *ontology*. Without a doubt there is a crisis of Marxist critique in the 1970s, both in the West and in Latin America as dependency and

neo-colonial relations are restructured. Their work, however, doesn't produce an analysis of the political economy of these changes in "a globalized and information led society" but rather an ontological account of a potential politics. Their use of the word society here and not capitalism is a tell: no longer are we talking about the temporal process of the circulation and production of value, we are rather firmly within something called the social, a spatialized field, and the province of ontology.<sup>54</sup>

As Gareth Williams has recently argued, Laclau and Mouffe's theory of the political is ultimately decisionist: one has to decide on the indeterminacies, which ones to value in the field because the field does not supply any criteria ("Decontainment" 165). As a result, we are no longer talking about anti-capitalism or the link, fraught, impossible, or otherwise, between a diagnosis of capitalism and the state and that of a political subject. In this way, Laclau and Mouffe's account is symptomatic of other versions of the ontological turn in the university Left: it renders a change in political economic structure (rise of finance) and state formation (in Mexico's case, the national popular) as a historical shift in the nature of ontology. This then is the crux of ontology in both Volpi, Laclau and Mouffe, and other versions of the ontological turn that draw on ontology's weak ecclesiastical force: ontologists want to believe the connection between a political subject and the social has not been irreparably severed and that a version of the political can be restored, in the case of Volpi through the probabilistic or tendential structuring of world and, in the case of Laclau and Mouffe, through the articulation of

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<sup>54</sup> It was the Spanish exile and Mexican philosopher Aldo Sánchez Vázquez who most clearly diagnosed the problematic return of ontology. Sánchez Vázquez's term for it was "envoltura ontologizante." In a summary of his position ("La filosofía de la praxis como nueva práctica de la filosofía") written for *Cuadernos Políticos* in 1977, Sánchez Vázquez argues that a philosophy of *praxis* has to reject three interpretations of Marxism: "ontologizante (según la cual el problema filosófico fundamental es el de las relaciones entre el espíritu y la materia)," "epistemológica (según la cual el marxismo se reduce a una nueva práctica teórica)," and "antropológico-humanista (según la cual el marxismo como proyecto de emancipación se enraíza en un concepto abstracto de hombre)." What Sánchez Vázquez aims to put in their place is a philosophy of praxis, which is a way of thinking that both recognizes its limits as thought (what is thought cannot be completed in thought itself) and, second, thinks itself as not a reflection on but rather as an insertion into a particular world.

indeterminate political identities. However, the turn to ontology at the service of state reason or as a progressive reading of the field of political action respond to the effects of finance (spread of instability) and not to finance itself and its problematic rise. What results is ontology as waystation, a postdating of the problem of indeterminacy and crisis in a moment of finance.

At the beginning of this chapter, I argued that the presence of finance in production makes possible new forms of crisis or instability and discussed the work of Kojin Karatani who has used the figure of a leap of faith or *salto mortale* to describe these forms of instability, uncertainty, or indeterminacy that finance generates. As finance comes to dominate post-73, as it becomes an increasingly necessary component for and supplement to production, the leaps, the *saltos* become more and more risky, the temporality between production and realization of a commodity's value more and more disjunct, and the circuits between the production and speculative economy more and more torturous, uncertain, and involved. As finance increasingly extends the temporal distance between production and the realization of value, making possible new forms of speculation, the turn to decisionism and ontology as a safe ground, intensifies in depth and desire. However, indeterminacy in the post-73 period is neither as hopeful nor as barren as Laclau and Mouffe and Volpi, respectively make it out to be. To resist these ontological turns, we will have to see that the *salto* is a specific figure of finance's rise, and, to contest this rise, we will have to leave behind the new forms of faith or eschatology, as decisionist leaps or ontological turns, and think, not how to resolve or postpone the destabilizing indeterminacies that now populate our social and personal worlds, but rather how to address the crises of failed financial accumulation that has given rise to them.

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## Chapter 2

### The Failures of Finance: Urban Peripheries, Hyperinflation, and Real Abstraction

Gil has slipped into a more African current, more identified with modern international black music, but he isn't understood by the public, nor by me... Now with his crazy howling, even while seeking liberty and disorder, he does not offend anyone, he does not enchant anyone, he does not move anyone, he does not overturn anything... He only irritates. In compensation, when Gil sings his admirable "a falencia do café" in which he "oswaldandrandialy" ridicules the Paulista coffee aristocracy conquered by industry... everyone likes it, he crystalizes a very relevant form of expression.

--Nelson Motta, quoted in Christopher Dunn's *Brutality Garden*

--You said before that you didn't steal anything, you just "carried a few things home." But if you take something that isn't yours, isn't that stealing?

--Well, those things weren't exactly mine, no. But let me tell you something. About a year ago when that store opened, everyone in the neighborhood bought stuff—on the "easy credit plan," they called it. I bought a blender because my wife wanted one real bad. She'd seen some ads and really liked them. I also bought a TV so we could have a little entertainment at home. And then comes this problem of the bad unemployment we're in. I still got no job. So, anyway, I missed two monthly payments and I went down there to explain why. But they didn't want to hear about it, they came and took the television and the blender and everything. And they didn't even give back the eight payments I made. No job and no TV. So I figured they owed me something, and I was just being, like, compensated. But I only took what I thought was fair.

--Ignácio de Loyola Brandão, *Zero* p. 161 (completed 1969, pub. 1974)

Though divided by the historical experience of formal dictatorship, what Mexico and Brazil share in the moment after the debt crisis of 1982 is a breakdown of systems of social and racial control, and turns in intellectual and cultural production that are marked by this experience. In the national space of Brazil, the debt crisis moment is lived less as a moment of systemic crisis and more as one of the breakdown of the fiction of money (hyperinflation) and accelerated state violence, applied with a true brutality in the peripheral zones of large metropolitan areas. These breakdowns led not to meditations on indeterminacy but rather to an explosion of intellectual and cultural production that remake racial ideologies and discursive

formations aimed at the peripheral areas of Brazil's primary megalopolises, Rio de Janeiro and São Paulo. In Volpi we register the fraught leaps finance makes possible, while in Brazilian cultural and intellectual production on the urban periphery we are faced with the violence that follows upon finance's failures and new forms of abstraction that spring up in its wake. This chapter traces how the breakdown of money's fiction and the myth of racial democracy leads to a new discursive formation of public security wherein the object known as the "favela" comes to take on a strange, almost supernatural force and power in shaping social relations and knowledge. After discussing the historical background of hyperinflation and rising state violence, I turn to social scientific literatures on public security and cultural productions on peripheral urban spaces to trace how hyperinflation undoes both the social synthesis of money and the ideology of racial democracy. I then show how the discursive formation of the favela in this period becomes something more than just a discourse or ideology, how it becomes a thought that has become a thing, a real abstraction, and the consequences of this for the cultural production of the period and our criticism of it.

### National Popular Decay: State Violence and Hyperinflation

The classically national popular moment in Brazil hit its high point during the dictatorship of Getulio Vargas (1930-45). Starting in 1964, the state apparatus in Brazil was taken over by a junta of military leaders, instituting the southern cone's first and longest running dictatorship. The Brazilian dictatorship purged "nationalists," especially those on the left, which represented at least formally a break with national popular politics. However, in terms of economics, the dictatorship largely steered a path between then-IMF recommended "shock stabilization" and a national development framework. For example, instead of orthodox wage

controls, the military government opted for an, at first ad hoc, indexing strategy to control inflation while at the same time softening the blow of inflation on workers' wages. Though the military government attacked leftists and populists who supported national development strategies, the dictatorship did not move to dismantle large state run enterprises. Rather they reorganized them and outlined a new "tripod" development strategy based on attracting foreign capital and channeling it to private Brazilian capital and state enterprises. Thus, in Brazil the years leading up to the debt crisis of 1982 were marked by an extension of state-led development policies but with a greater exposure to international capital flows (even more so than in Mexico).<sup>55</sup>

In the late 1970s, as the country was hit with waves of illegal strikes and the military government had difficulty winning popular elections in key states, it was clear that the dictatorship, after the economic boom years of the early 1970s was beginning to lose control, both in economic and political terms. Much like Mexico, after a period of explosive growth from 1968 to 1973 (in Brazil, GDP grows 7.9% per year), Brazil went in heavy on foreign debt, attempting to grow its way out of the global economic slowdown and local impact of rising oil prices after 1973. Contracting debt at an extraordinary rate, Brazil became the largest debtor nation in the world: in 1981, its foreign debt totaled 61.4 billion with a debt service per year of 7 billion or 65.6% of total exports (Skidmore 231). While inflation was also a problem in Mexico during the 1980s, the fact that Mexico was ground zero of the debt crisis tended to push the category of crisis forward as the mediator of this historical moment in terms of popular

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<sup>55</sup> This had been the case in some ways since the 1950s. Clearly, Mexico being ground zero of the 1982 debt crisis leads it to be felt with particular intensity there, but it is worth noting that Brazil has had a deep relation with international finance capital in the postwar period. Indeed, Brazil had been renegotiating its debt in moments of crisis with the IMF and Paris Club since the 1950s.

experience. In Brazil, it was inflation that became the key mediating category of social experience in this moment of crisis.

Another key difference between the dictatorship and the strictly national popular period in Brazil was with respect to state violence. While Vargas, once the Prestes rebellion was put down in 1936, employed primarily corporatist methods and nationalist cultural projections to control labor and integrate dissent, the dictatorship relied on a terrifying apparatus of state violence and repression, as both Maria Helena Moreira Alves and Caco Bracellos have demonstrated. Moreira Alves notes that even before the dictatorship took power it had amassed files on 400,000 Brazilian citizens (8). In *Rota 66*, Bracellos demonstrates how in São Paulo the military apparatus that was constructed to defeat the urban guerrilla was transferred to policing the marginal populations of the urban periphery with deadly results. In 1981, four years before the official end of the dictatorship, there were 2000 killings in Rio's Baixada Fluminense which were pinned on the state or state-sanctioned forces; many were buried in a cemetery whose gates bore the symbol of the BOPE, Rio's elite special operations unit, leading to speculation that the cemetery was a dumping ground for the illegally executed ("O Rio" 14). The expansion of state-directed and state-permitted violence used to control peripheral populations in the large metropolises is a distinguishing feature of the dictatorship. While the dictatorship continued to deploy (and contest with left nationalist elements for dominance of) a national popular cultural imaginary, it also replaced the national popular emphasis on national culture as the unifying element of the nation with state violence.<sup>56</sup>

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<sup>56</sup> The movement from the motto "Order and Progress" to "Love it or Leave it" marks this partial shift from national culture to state violence. However, throughout this period "national culture" remains a contested terrain between the dictatorship and left cultural formations. National popular cultural arguments are made by Left artists throughout the dictatorship from Glauber Rocha to Carlos Diegues and come to structure many of the key critical debates of the period, including that over Tropicalia and MPB.

Moreover, the poorly named “transition to democracy” is not marked by the dismantling of these systems of state violence. Political scientist and specialist in the legacy of Brazil’s military government, Jorge Zaverucha has argued that sociologists and politicians who claim that Brazil has completely exited its authoritarian moment and “consolidated” its democracy are quite mistaken:

Certainly, these authors have forgotten that the National Security Law, the Penal Codes and Military Processing, the decree stipulating that the reserve forces of the Military Police [*policia militar*] are part of the information network of the army, the Law of the Press, the Statue on Foreigners, and the Decree that regulates the saving of data, information, documents and materials obtained by covert means in the interests of the security of society and the state, all continue on the books. And if there hasn’t been a military takeover, it is because the civil authorities have bowed before military pressure when they threatened to deploy the dispositifs of a military takeover.<sup>57</sup> (15)

While there are attempts in the 1980s in the large metropolitan centers of Rio and São Paulo to liberalize or restrain police, by the end of the 1980s these attempts are soundly defeated.

As Zaverucha argues, rather than a repeal of the dictatorship’s National Security Law, in the “democratic” era we have its continuation which is then paired with a “militarization of public security” (88).

When the debt crisis hits in 1982, inflation spikes and the populations hardest hit by the weakened buying power of their wages and by unemployment begin to rebel. On April 13, 1983, a march against unemployment sets off a week of looting around São Paulo, including one spree of 3,500 persons in the center of São Paulo who attacked almost 200 commercial establishments (“Negros Dias” 26). In September, a month of looting occurs in Rio—the majority in peripheral

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<sup>57</sup> The police force in Brazil is divided into two parts. The Military Police is responsible for the day-to-day patrolling, interventions into neighborhoods, and policing of the city. The Civil Police, who are plainclothes, investigate and report on crimes.

areas, as opposed to the wealthy Zona Sur (“Septembro Quente” 14).<sup>58</sup> After the descent into the debt crisis and the recession that follows, the state will be concerned with both these dynamics: putting an end to inflation and controlling the civil unrest in the poor urban areas resulting from the devastating unemployment that the debt crisis caused and the erosion of real wages precipitated by spiraling inflation.<sup>59</sup>

### The Fiction of Money

As numerous articles in the popular and academic press attest, the intensification of inflation after the debt crisis in 1982 laid bare the fungibility and instability of money.<sup>60</sup> In 1988, the money that in 1986 would have bought a car, would not have been enough to purchase a set of tires. By early 1990, inflation was peaking at 2,700% per year (Rohter 142). Supermarkets

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<sup>58</sup> Some academic work does exist on the transportation riots in the 1970s: CEDEC *Contradições urbanas e movimentos sociais* (1977) and CEDEC *Cidade, povo e poder* (1981). The saques of the 1980s, and before, have received notice primarily in the periodical literature (and occasionally in the novelistic, such as Ignácio de Loyola Brandão’s *Zero*, which serves as the epigraph to this chapter). However, saques were very common throughout the late 70s and 80s. Frequently attributed to “nordestinos,” a search in the AcervoFolha reveals hundreds of hits for the term *saque* during these decades. What is important to note is that saques were an incredibly wide-spread lower class survival tactic during the period of hyperinflation—and were the object of so much public concern that several large saques were covered by the *New York Times*.

<sup>59</sup> Although the indexing of wages is maintained until 1986, indexation is attacked in a variety of indirect and not-so-indirect ways. The prices of food stuff are allowed to rise, subsidies are cancelled, and export crops put additional pressure on basic commodity prices.

<sup>60</sup> Debates on the etiology of inflation in (or caused by) Latin America date back to the work of the School of Salamanca’s attempts to understand why the possession of more silver was not making Spain more “rich” but rather causing price increases—thus discussions of inflation are intertwined with the very beginning of colonial history in Latin America. This specific period in Brazil receives important treatments in both Luiz Carlos Bresser Pereira *Desenvolvimento e crise no Brasil: história, economia e política de Getúlio Vargas a Lula* (2003) and Werner Baer *Economia brasileira* (2002, see the extended discussion of inflation during 1974-86 in chapter 7). During the late 1970s and 1980s numerous works were produced that attempted to understand why inflation, always a problem in many Latin American countries, was so bad in this period; Anibal Pinto’s *A Inflação recente no Brasil e na América Latina* (1978) positions Brazil in the wider continental context. The best register of the popular concern with hyperinflation, beyond the numerous articles in the popular press on strategies for dealing with inflation, is that in 1986 as part of his Plano Cruzado—an attempt to deal with hyperinflation—President Sarney asked housewives to become *as fiscais do Sarney* (Sarney’s price police) to enforce the price freeze in supermarkets and other stores that this plan called for. Thousands of homemakers across Brazil signed up—with some reporting directly to the president—to do their part against hyperinflation by policing prices in their local stores (this story is told in the context of Minas Gerais in Mauro Amado’s thesis *As Fiscais do Sarney: A participação do Movimento das Donas de Casa e Consumidores de Minas Gerais no Plano Cruzado entre 1986 a 1987*[2012]).

began changing prices every week in order to not lose money simply due to inflation. Consumers invented numerous ingenious strategies for attempting to avoid having their money lose value just by holding onto it. While credit cards had penetrated into the Brazilian upper classes by the end of the 1970s, it was during the period of hyperinflation that they came to be used as an end-around on paper money. Items purchased at the beginning of the month would not come due for another 40 days, meaning consumers would be able to buy when items were priced lower and then actually pay in money (up to 40 days later) that was technically worth less. This, of course, was a strategy available only to those earning solidly middle class and above salaries.

In Karl Marx's theorization, money is a paradoxical object. On the one hand, it serves as the universal equivalent: it is coinage, pieces of paper, bits of data that are used to exchange commodities. At the same time, money is itself a commodity; that is, it can be bought and sold, and this is where exchange rates and currency speculation come from. In the first volume of *Capital*, Marx outlines how there is a certain type of capitalist crisis (what today we would call a liquidity crisis) that turns on the paradoxical nature of money. In a normally functioning economy, capitalists pursue money as if it was their only desire—in these moments money is seen as a real representation and holder of value. However, there are moments when the fiction of money is revealed and money suddenly transforms from an agreed-upon holder of value to merely worthless pieces of paper.<sup>61</sup> Hyperinflation and currency crises are two such moments where the fiction of money as a holder and measure of value is exposed and anyone who can trade their worthless paper for something that appears to be a more stable form of value does: another currency, commodities, or precious metals such as gold. Crises in which the fiction of

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<sup>61</sup> “The bourgeois, drunk with prosperity and arrogantly certain of himself, has just declared that money is a purely imaginary creation. ‘Commodities alone are money,’ he said. But now the opposite cry resounds over the markets of the world: only money is a commodity. As the hart pants after fresh water, so pants his soul after money, the only wealth.” *Capital*, vol 1, p. 236

money is revealed are both cyclical and disturbing. Without this fiction, the simple, repetitive exchanges that are constitutive of sociality (buying groceries, being paid by one's job, taking out credit to make educational or commodity purchases to improve quality of life) and horizons of stability that make these exchanges possible breakdown.

The hyperinflation of the 1980s and 1990s in Brazil was a prolonged moment of the denaturalization of money's fiction. An interesting aspect of this moment in Brazil is that the basis of this crisis of the real of money came to form part of the solution. That is, if money was an agreed-upon fiction, what was necessary was a currency that people would believe would be stable (in addition to macro-economic conditions that would enable it to be). As a result, starting with the Sarney government's Cruzado Plan in 1986, Brazilian governments banked on the idea that creating a new currency along with other appropriate measures would restore confidence in the fiction of money. The Sarney Cruzado Plan blended a freeze on wages, retail, rental, and mortgage payments with the introduction of a new currency, the cruzado. By mid-1986, it was clear that the plan had failed. The following year, 1987, saw the floating of the Bresser Plan, and when the Collor government came into power in 1990 it launched its own plan: the Plano Collor, which in addition to implementing another freeze on prices and wages, also froze every bank account in the country for 8 months. Besides infuriating the general population for having frozen their assets, the plan failed to control inflation. The government of Itamar Franco, under the guidance of then-finance minister Frederico Henrique Cardoso, launched in 1994 yet another inflation-stabilization program, introducing yet another currency, the Real. This currency, pegged to the dollar, and with another strenuous set of measures to reduce the money supply, was finally able to control inflation and remains Brazil's currency to date.

In the aftermath of the debt crisis, then, there is a breakdown in the reality and stability of the currency, the creation of a day-to-day wondering at the failure of exchange, at the fungability of a fundamental building block of commerce and social interaction. Inflation meant for those who were formally employed that their wages, despite indexing, were worth less and less. For those who were in the swelling ranks of the unemployed or those in the informal economy, the basic commodities needed to survive were increasingly out of reach. These twin dynamics of violence and inflation are usually kept separate in disciplinary literatures—traditionally, violence is the province of the humanistic social sciences and inflation that of economics.<sup>62</sup> This separation has led researchers to read the problems of rising violence in the post-1982 period in peripheral urban areas in Brazil as being largely the result of drug trafficking and (as such, legitimate) state responses to drug trafficking and gang control of territory.

However, my argument here is that the instability of finance, particularly of money in this period (as caused by hyperinflation), should be an essential part of any reading of the causes or underlying factors of a “rise in violence.” Without oversimplifying, we might say that the superprofits of the drug trade are to peripheral communities what credit cards and dollar dominated accounts are to the rich and upper middle class: anti-inflationary monetary strategies.<sup>63</sup> The need for increased state violence in the urban periphery is highly connected with

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<sup>62</sup> There is only one piece of social science literature which I have been able to find which discusses violence and hyperinflation in connection with the urban periphery. It is by Zaluar, the anthropologist Lins would work for while he gathered the materials used in *City of God*. Zaluar’s piece “Hiperinflação e (é) violência” in *Condomínio do Diabo* (1981) notes that inflation is an issue, but argues that more important than inflation is a “revolution in patterns of consumption.” This has led young people to fall into the pursuit of “dinheiro fácil.” i.e., the drug trade. Instead of 1000% per year inflation and unemployment making survival complicated at best, Zaluar seems to imply that these young peripheral dwellers should learn to love the poverty of working class life: “explicam a permanente insatisfação com o ‘passar mal’ dos trabalhadores honestos” (119). Interestingly, *City of God* blends both thematics: the need for money, found primarily in super-profits in the drug trade, and an absolute divide between the favela and the outside world.

<sup>63</sup> These comments are not meant to stand in for an actual account of the rise of Brazil as a node in the global logistical structure of drug transport. That is, this is not an account of the drug trade as if it were a simple consequence of economics, a view that many, including Paul Amar, have productively questioned. My aim here is

the post-debt crisis phenomena of inflation and unemployment and the decline of the social synthesis performed by exchange and money. Moreover, the rise of the drug trade, while important, does not exhaust the explanation for state violence in the periphery; that is, much more of this violence than is frequently allowed in certain social science literatures is directed at simply terrorizing rebellious populations, who by 1983 were rioting frequently, into submission. If in the last chapter, we focused on the increasingly elongated *saltos* between production and consumption that finance makes available, in Brazil in the post 1982 period we are confronted with the violence that appears when these *saltos* miss their mark and fail, or when people make their own leaps and simply seize what capitalism can no longer provide.

#### The “Favela,” Race, and Real Abstraction

With the expansion of instability in the urban periphery and intensification of state violence in the 1980s, the field of anthropological and sociological work on the favela and peripheral urban areas exploded. As Licia do Prado Valladares notes, from under 10 studies per year during the 1970s, the 1980s and 1990s consistently see social science studies on the favela being published at the rate of 20, 30, even 50 per year. The key authors in this new wave of work range from the politically progressive, such as Luiz Antonio Machado da Silva, to more conservative, such as Roberto Kant de Lima. This is the moment of the rise of “public security” as an area of intellectual expertise. It is a moment in which anthropologist Luiz Eduardo Soares becomes, briefly before being dismissed, part of the Ministério Público in an attempt to reform Rio’s police system. At the end of the 1990s, this new wave of intellectual production

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only to establish the turn to the informal economy of the drug trade as linked to inflation (and thus as the Janus face of the rise of credit amongst the middle and upper classes) and, most importantly, as an insufficient justification for the new forms of state violence that have been unleashed in the urban peripheries of Brazil since the crisis of hyperinflation.

concerning public security and the favela, which we will examine in greater detail below, arrived in the cultural sphere. The key years are 1997-1999 which saw the publication of Paolo Lins' *Cidade de Deus* (*City of God*, 1999) and Ferrez's *Capão Pecado*, which appeared in 2000. These works, which famously represent the violence of everyday life in the peripheries of Rio and São Paulo respectively, were the beginnings of an explosion in cultural production (from novels and films to telenovelas and popular music) centered on the favela and the urban periphery.

It is important to note how these new discourses on public security, and the imaginary of a divided city that it draws on, are an extension and updating of prior Brazilian national mythologies and ideologies of race. During the 1930s and 40s, the Vargas dictatorship, like many Latin American states at the time, incorporated a theory of *mestizaje* into the formation of a national popular culture.<sup>64</sup> While the Vargas state incorporated elements of black culture (samba, carnival, futebol, malandragem) into the foundation of Brazilian national culture, intellectuals elaborated a theory of "racial democracy," which celebrated Brazil as a country without racial discrimination. Peripheral urban areas (in particular those of Rio, the then national capital) occupied a contradictory place in national popular culture: as sites of racialized proletarian exclusion but also as the cradle of national culture.

During the military dictatorship, militant black intellectuals began to question the myth of racial democracy, arguing that it was more a technique of social control used to mystify and pacify peripheral populations than an ideal that the Brazilian state was committed to realizing. As Paulina Alberto notes, in the early 1980s, black intellectuals broke decisively with "excessively conciliatory" positions on Brazil as a land of "racial harmony" (17). In the 1980s this questioning of prior racial mythologies combined with rioting and social unrest in peripheral

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<sup>64</sup> See Alberto, *Terms of Inclusion: Black Intellectuals in Twentieth-Century Brazil* (Raleigh: University of North Carolina Press, 2011): 9-11; Telles, *Pigmentocracies: Ethnicity, Race and Color in Latin America* (Raleigh: University of North Carolina Press, 2014): 3-8.

urban areas, including Rio de Janeiro and São Paulo. The explosion of new intellectual production around public security appears precisely at the moment of the decline of this primary state ideology for controlling peripheral, racially othered populations, riots, and the expansion of the drug trade. My argument is that these discourses of public security (and the cultural texts that follow in their wake) re-elaborate the material and cultural systems of race, but at the same time, they produce a quasi-objective object, the “favela,” which both makes possible this re-elaboration and which comes to take on a life of its own: more than a simple category, it becomes a force, an abstraction that spectralizes and comes to structure urban space and the social relations found therein.

We cannot understand the strange force that the “favela” takes on in this period without attempting to account for its relation to both a crisis of race and finance, first as the period of hyperinflation and then, after 1998, the year of the Brazilian currency crisis,<sup>65</sup> as a moment when both exchange and money as forms of social synthesis break down. The work that this corpus of social scientific literature and cultural production does is multiple, and in the following I will track three levels. The first is an ideological level where the criminalization of poverty and exclusion serves as a very real cover for the creation of a new police infrastructure and justification for state violence directed at brown and black bodies. The second is the production of a new discursive formation of public security, which I understand as the exclusions and will to truth, internal rules, and rituals that organize the relations between disciplines, institutions, and enunciations. However, neither of these levels of analysis will enable us to capture the strange force the “favela” has taken on in the urban life of Brazilian megalopolis at the turn of the century. I argue thus for a need to establish an additional third level, one that accounts for the

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<sup>65</sup> While the introduction of the Plano Real in 1994 stabilized the currency and inflation, it led to an overvaluation of the currency, which then led to speculative attacks on it and a forced devaluation in 1998. This devaluation is frequently seen as contagion from the Asian currency crisis that began with speculative attacks on the Thai baht.

favela as a “real abstraction” and that would complement the discursive and ideological analyses which follow.

In “The Order of Discourse” (*L'ordre du discours*), Foucault argues that Western philosophy has regulated itself by denying the “specific reality of discourse in general” (65). He continues:

Ever since the sophists’ tricks and influence were excluded and since their paradoxes have been more or less safely muzzled, it seems that Western thought has taken care to ensure that discourse should occupy the smallest possible space between thought and speech. Western thought seems to have made sure that the act of discoursing should appear to be no more than a certain bridging between thinking and speaking—a thought dressed in its signs and made visible by means of words. (65)

What Foucault is proposing here is that neither thought nor speech are as transparent as they might seem and that there are forces that shape them (in Foucault’s case, epistemic regulation and genealogical need). What I propose is that in this non-transparent gap between words and thoughts we make room for another force: capital. My argument is not that this level is necessarily more important than the discursive or ideological, but that it does get thrust to the forefront as the Brazilian state reconfigures, shifting from mediation between capital and labor to repressive and security functions, and as, in a moment of on-going financial crisis, the social structures derived directly from capitalistic synthesis fray. While orthodox theories of the relation between capitalism and knowledge (unrefined ideology critique and reflection theory) have well known problems, there are in the heterodox Marxist tradition a number of thinkers who have attempted more sophisticated accounts of how capitalism acts as an invisible, spectral force on thought, space, and social relations.<sup>66</sup> In particular, in the heterodox Marxist tradition

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<sup>66</sup> Althusser’s work on epistemology, and Jameson’s subsequent use of this work to examine cultural production in a moment of financialized capitalism, is motivated by a critique of orthodox Marxist reflection theory. Reflection theory also received a salutary critique in Raymond Williams’ *Marxism and Literature* (1977), but it was contested

there is a name for a “thought becoming a thing” (Virno) or a quasi-objective force that comes to shape social life, a force that is neither wholly immaterial (of the mind) nor simply material: a real abstraction.<sup>67</sup>

We tend to think of abstraction, in popular parlance, as the opposite of the concrete, and, as a result, as somehow less “real” and potentially more illusory. This usage carries over into certain philosophical discourses, where abstraction is frequently understood as the process by which discrete objects are recognized as sharing a common property or trait (redness, roundness, etc); in this register abstraction names the movement from empirical real to concept. Marx and the heterodox Marxian tradition, however, have understood abstraction differently; not as an illusion, but rather as a *force* in the world. This perspective was developed in Marx’s 1857 *A Contribution to the Critique of Political Economy*, a text in which he first elaborated the methodology he would later follow in the writing of *Capital*. The critical passage occurs as Marx meditates on the work of past political economy and how his own will proceed:

The economists of the seventeenth century, e.g., always begin with the living whole, with population, nation, state, several states, etc.; but they always conclude by discovering through analysis a small number of determinant, abstract, general relations such as division of labour, money, value, etc. As soon as these individual moments had been more or less firmly established and abstracted, there began the economic systems, which ascended from the simple relations, such as labour, division of labour, need, exchange value, to the level of the state, exchange between nations and the world market. The latter is obviously the scientifically correct method. The concrete is concrete because it is the concentration of many determinations, hence unity of the diverse. It appears in the process of thinking, therefore, as a process of concentration, as a result, not as a point of departure, even though it is the point of departure in reality and hence also the point of

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as early as Georg Lukács’ *History and Class Consciousness* in the opening chapter titled “What is Orthodox Marxism?” Althusser and Zizek’s reformulations of ideology are both critiques of this same body of work, which received an influential systematization in Stalin’s *Dialectical and Historical Materialism* (1938).

<sup>67</sup> In the social sciences a frequent division is made between two forms or understandings of impersonal domination: one going back to Weber and bureaucracy and the other to Marx and the market (see *New Spirit of Capitalism* for a version of the Marx tradition). What we are talking about here is not “impersonal domination of the market” or that of Weber, but rather one that emerges out of the process of capitalist valorization itself (and not merely any market transaction).

departure for observation [*Anschauung*] and conception. Along the first path the full conception was evaporated to yield an abstract determination; along the second, the abstract determinations lead towards a reproduction of the concrete by way of thought. In this way Hegel fell into the illusion of conceiving the real as the product of thought concentrating itself, probing its own depths, and unfolding itself out of itself, by itself, whereas the method of ascending from the abstract to the concrete is only the way in which thought appropriates the concrete, reproduces it as the concrete in the mind. (205-6; trans. slightly modified)

Early political economy began with “living wholes” (like population) and broke these down into a few “determinant, abstract, general relations” (such as the division of labor). His own critique of political economy, Marx argues, works from these abstract determinations and then “ascends” to the concrete. Marx, as Alberto Toscano notes, effects here “a theoretical break with an empiricist or neopositivist usage of the terms ‘abstract’ and ‘concrete’” (“Open Secret” 274). Rather than arguing for a turn to an empirical real or the concrete against the abstract or concept, Marx is developing a more completed methodology, one that would involve not taking a position in the empirical and non-arbitrary real but would rather start from the “abstract,” from concepts composed of multiple determinations, and move towards the “concrete.” Thus, Marx argues that the concrete is not the starting point of analysis, but rather it is what is arrived at at the end of analysis: the process of thought while it starts with abstractions is an attempt to move towards, to grasp, to ascend to the concrete.

This perhaps counter-intuitive perspective on the nature of abstraction is at the heart of Marx’s analysis and understanding of capitalism, because capitalism produces such real abstractions. As Alberto Toscano has argued, “a particular modality of social abstraction can thus be identified as the *differentia specifica* of capitalism vis-à-vis other modes of production”:

Whether we are concerned with the unmasking of commodity fetishism, the formalization of surplus value, or the discourse on alienation, it is difficult to ignore that much of the force of the Marxian matrix—when compared to contemporary discourses of abstraction with their frequent reliance on notions of complexity and information—is based on its

depiction of capitalism as the culture of abstraction *par excellence*, as a society that, *pace* many of the more humanist denunciations of the dominant ideology, is really driven, in many respects, by abstract entities, traversed by powers of abstraction. A particular modality of social abstraction can thus be identified as the *differentia specifica* of capitalism vis-à-vis other modes of production. As the Italian Marxist phenomenologist Enzo Paci wrote, “The fundamental character of capitalism... is revealed in the tendency to make abstraction categories live as though they were concrete...” (273)

This insight into capitalism as defined by a particular tendency for abstractions to have material effects on social life, and the idea that capitalism produces cultural and social formations and processes defined by concrete or real abstraction, have been developed in many different ways by Marx and in the Marxian tradition. One influential vein in this tradition is the work of German theorist Alfred Sohn-Rethel, who coined and popularized the term real abstraction in his work *Intellectual and Manual Labor* (begun during the Weimer period of hyperinflation, but only finished in exile in 1951 and finally published in Germany in 1972). Sohn-Rethel’s argument is that the capacity for abstract thought and thus the ability to abstract scientific laws, to reason mathematically from non-empirical sources, all have their origins in what he calls “the exchange abstraction” or the specific form of universality that money makes possible. When two commodities are exchanged, their use values are made equivalent, and this process Sohn-Rethel terms abstraction. The exchange abstraction is “real” in that it is not merely a mental category but rather a pervasive concrete social process that then regulates and shapes the categories of human thought and social life.<sup>68</sup> In particular, Sohn-Rethel argues that the equivalence produced

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<sup>68</sup> In a recent essay Sianne Ngai (2015) has nicely brought out this side of Sohn Rethel’s work:

In societies where producers do not explicitly coordinate their acts of production, this mediation happens only when their products are exchanged. But although the mediations of exchange have the “formal ability to weave a web of social coherence among the mass of private individuals all acting independently of another,” as Alfred Sohn-Rethel notes, the socializing effects of their activities *also come to appear to them as an independent force not of their own making*, one that oppositionally confronts them as a “second nature.” As Marx puts it, referring to the rise of the world market, what appears is not just the “connection of the individual with all, but at the same time also the independence of this connection from the individual.” (39)

by exchange and money are needed before philosophers such as Kant can postulate time and space as homogenous, independent categories of experience. Sohn-Rethel was an important influence on Adorno; and Foucault, as we have seen, arrives at a similar place with his theory of discourse. Sohn-Rethel's real abstraction also served as the basis of Zizek's perhaps most celebrated book, *The Sublime Object of Ideology*.

In Latin American cultural studies, the work of Sohn-Rethel and the idea of capitalism's *differentia specifica* being the production of real abstractions have had little influence.<sup>69</sup> In part, because there are many points that a cultural theorist might want clarified about real abstraction as an account of social domination. First, in much of this heterodox or esoteric work it is never clear if there is just one form of real abstraction or potentially many. Second, if there are multiple forms of real abstraction, it is unclear what abstraction would mean in each, or if the process of abstraction that one finds in each form is the same. Thirdly, since most theorists of the value form or real abstraction are working at a very macro level, there is usually little interest in the details of how these forms or abstraction actually function in social life. And finally, for theorists who work on the periphery or in moments of financial crisis where the informal sector is large and the mediations of the value form or monetary value form are imperilled, it is unknown how these conditions might change a theorization of capital as a form of indirect domination.<sup>70</sup>

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<sup>69</sup> There has been a lot of sustained attention given to abstraction in cultural work, of which Fredric Jameson's "The Brick and the Balloon" might be the most well-known contemporary example. The difference between what I am proposing here and work such as Jameson's is that we are not trying to read for linkages between cultural form and economic process tied to a periodization (i.e., late capitalism). Once we let go of the base/superstructure division, it is no longer a question of how cultural objects register, express, or reflect (even of an absent cause). Rather my aim is to show how cultural and intellectual productions are not merely keyed to the abstraction of finance but produce a world alongside it. See also Leigh Claire Le Berge's excellent critique of how humanities discourses mishandle the "abstraction" of finance, "Rule of Abstraction: Methods and Discourses of Finance."

<sup>70</sup> Frequently, in value theoretical works the theory of value, real abstraction, or reification is also a theory of real subsumption, which is a theoretical linkage that does not hold in Latin America.

In what follows, I attempt to answer these questions while providing an account of both the emergence of new textual production on the favela, and the strange, objective form that the notion of the “favela” comes to take on in these years. I will attempt to track two processes that have produced the favela as a hovering, quasi-objective social form: the first, emerging from social science literature, is the abstraction of equivalence which is accomplished via the conceptual structure of integration, and the second is a presumptive absolute divide, which defines the social relation between the formal and informal urban spaces, and which then comes to structure, press upon, and condition individuals’ experience of the urban. My argument is that the breakdown of money’s fiction and the myth of racial democracy creates an opening for the production of a real abstraction and for a new form of impersonal domination that is not routed through money, exchange, or the traditional paradigms of race. Thus, alongside the proliferation of state violence, the favela as real abstraction plays an important role in shoring up crumbling systems of racial domination.<sup>71</sup> It does not come to replace discourses of race, but, as we saw in the previous chapter with Volpi’s ontological divide, real abstraction comes to do the work of race.

### The Abstraction of the Favela

During the dictatorship, a key part of the ideology of national security that underpinned the intellectual structure of the regime was the notion of “internal enemies” (Moreira Alves 15). A second key characteristic was a state policy of favela removal (particularly in Rio). In Rio,

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<sup>71</sup> It is important to reiterate here that my argument is not that “race” somehow disappears in this moment. Rather what I am arguing is that due to push back by black intellectuals and a shift from corporativism to police violence as the primary state apparatus (a process which begins during the dictatorship) the ideology of “racial democracy” is no longer at the center of a statist, conservative discursive strategy and becomes supplemented in this moment by a “color-blind” and spatialized one, the distinction between the “favela” and the formal city. I am also arguing that this distinction becomes something more than discursive, in its popular sense, becoming a structuring “force”—which is what becoming a real abstraction means.

between 1962 and 1974, an “estimated 139,218 residents from 80 favelas were forced to abandon their homes for publicly financed housing projects on the outskirts of the city” (Gay 19).

Generally, these removals were of favelas in the wealthy Zona Sur and they formed a part of a system of accumulation via land speculation and real estate development.<sup>72</sup> During the 1980s and 90s, as violence that was once contained within the favelas and peripheral urban zones began to spill out into middle and upper class neighborhoods there was an explosion of popular journalistic and academic work and interest on the favela. Intellectuals and popular writers stepped in to supply the information and theoretical positions necessary for the renovating of state strategies, whether of the hard-line, reformist, or progressive varieties, in a body of work centered around “public security.”<sup>73</sup>

In Licia do Prado Valladares’ account, there have been three moments of intellectual production concerning the favela: from the late nineteenth century to the 1940s, from the 1940s to mid-1960s, and from the 1960s to the present.<sup>74</sup> To her periodization, I will make one slight inflection which is the intensification of intellectual production immediately after 1982 and then again in the mid-1990s. The first wave of work outlined by Valladares is represented by occasional and very limited numbers of publications. In the second wave of organized intellectual production, sponsored by foundations, Catholic institutions, and the government beginning in the 1950s, is when the favela first becomes a Cold War “social” problem. The third wave is marked by the favela becoming an object of social scientific research and a centerpiece of work valorizing informal architecture (represented by the work of John Turner) and informal

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<sup>72</sup> In one well-known case, the favela of Vidigal successfully defeated, in 1976 and again in 1977, attempts to displace them. Their land, before their attempted removal, had already been sold to real estate developers Rio Towers and Sincorpa. However, generally speaking, success stories like this were outnumbered by Zona Sur displacements.

<sup>73</sup> The relationship that I am positing between the dictatorship and public security period is that the latter period represents an intensification of, rather than a major break with, the former.

<sup>74</sup> I follow her periodization but the account that follows should not be taken as her own. I focus more on the content of the writing and the political context.

urbanity, represented in Brazil by Anthony and Elizabeth Leeds's work on the favelas of Rio. The Leeds, as Valladares notes, brought Chicago School-style anthropology to Brazil and to research on the favela. Their *seminario* trained many of the authors who would produce important work in the contemporary moment, including Luiz Antonio Machado da Silva and Gilberto Velho (121). What each of these waves has in common, however, is their production of the "favela" as a legitimate object of study and form of abstraction: an equivalence amongst disparate social spaces with radically different historical trajectories.

For example, the classic text of the second wave of social scientific work on peripheral communities is Janice Perlman's *The Myth of Marginality* (1976), although it is important to note the work of the Leeds reached many of the same conclusions at an earlier date (Valladares 129). Perlman's work deconstructs the central concept of knowledge production to that date on the favela, namely that of marginality: "The common belief...[is] that in postwar years of rapid urbanization, the city has been invaded by hordes of rural peasants. These migrants are seen as arriving lonely and rootless from the country-side, unprepared and unable to adapt fully to urban life, and perpetually anxious to return to their villages" (1). The myth was that these urban migrants chose their isolation in marginal communities instead of integrating themselves into the city. Marginality was the first ideology constructed to control those on the margins, to strip them of not just their rights to citizenship but also to obscure their critical role within the urban and national economy. But while Perlman's book made an important intervention and systematically demonstrated that the marginality thesis was false, her work participated in another project of the favela as an abstraction, as an equivalence for any area that, in the past or present, was either squatted, outside the formal layout and infrastructure of the city, or a territory of the poor.<sup>75</sup>

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<sup>75</sup> Perlman's definition follows what is a familiar pattern: note differentiation in the category but then define the category through a single aspect. For her, this aspect is the juridical status of the land:

In the years after the end of the dictatorship, the myth of marginality has made a comeback, but in an importantly different form. For examples which fall in our post-82 time period, we can look at Rio in the 1990s. Two spectacular events marked the early 1990s in Rio and both were events in which the violence previously confined to peripheral zones impinged on the upper and middle classes.<sup>76</sup> The first was the “arrastão” in Ipanema beach in 1992, where supposed youth gangs from two different peripheral communities fought amongst themselves and then robbed beach goers in the ensuing confusion.<sup>77</sup> The second were the twin massacres in 1993 of 8 street children in Candelaria and of 21 residents in the favela of Vigário Geral by elements of the military police. These two sets of events marked the beginning of the return of marginality as a popular discourse in the form of the “cidade partida” (“divided city”) thesis, which was popularized by Zuenir Ventura’s 1994 book of the same name. These events were also important because they marked the beginning of a new wave of political projects based in a theorization of “inclusion,” primarily in the form of internationally-sponsored NGO activity in the favelas: both Viva Rio, an organization that has partnered with international foundations and corporations, as well as the state, and Afro-Reggae as an NGO project emerged from these

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Actually, there are all types of favelas; some are spread out rather than overcrowded; some have orderly street patterns and open spaces (such as those in Lima which were planned with the aid of university architecture students); and many of them have been vastly improved over time in terms of construction materials and urban services. What ultimately distinguishes a favela, then, from many otherwise similar lower-class communities is its illegal status in terms of land use. (13)

<sup>76</sup> The equivalent event in Sao Paulo is the Carandiru massacre where 111 prisoners were brutally executed by military police in 1992 after a prison uprising.

<sup>77</sup> This was during the height of the campaign for mayor in which a black woman, Benedita da Silva, from the periphery was the PT candidate and appeared to have an excellent chance at winning. See Francisco “Arrastão mediático e racismo no Rio de Janeiro” (2003) for an account of how the media’s amplification of this “incident” served to form white Rio into a racist voting bloc against da Silva.

tragedies. To this day, this type of inclusion-based NGO organizing remains the most visible political form of urban anti-racist organizing.<sup>78</sup>

These events also mark an inflection in the third wave of intellectual production concerning the favela. With the expansion of instability in the urban periphery and the intensification of state violence in the 1980s, the field of anthropological and sociological work on the favela and peripheral urban areas explodes. As we noted before, the 1980s and 1990s consistently see social science studies on the favela being published at the rate of 20, 30, even 50 per year (Valladares 137). Much of this new social scientific work was concerned with analyzing failures of “public security” and has recourse to a social apartheid, exclusionary, or “divided city” analytic to do so. The “divided city” heuristic sees the primary issue in peripheral areas after 1982 as one of lack of integration: residents of the favela need services (the integration of their communities into state infrastructures) and they need access to actual, not merely formal, citizenship (the end to social “exclusion”).

However, integration serves another role as well: in public security discourse its lack is the form of equivalence producing the abstraction of a coherent object of the “favela.” This equivalence occurs, perhaps ironically, in the moment of the greatest differentiation and change in urban space in Brazil. For example, using a conservative methodology, there are around 750 “favelas” in Rio, some of these with histories stretching back into the early twentieth century and demonstrating all manners of variation (size, consolidation, inter-urban relation, culture, etc).<sup>79</sup>

The “favela” of Rocinha comprises a sizable portion of the southern edge of the central part of

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<sup>78</sup> Black NGO formations begin to emerge nationally in the late 1980s, see Dos Santos “Black NGOs and ‘Conscious Rap’” for an account. It is worth noting that some of these more visible NGO organizations have become involved in offering financial services and in providing marketing information to companies wanting to sell products to “favela” dwellers. See for instance the projects linked to CUFA - Central Única das Favelas: Data Favela (<http://datafavela.com.br/>) and Favela Holding (<http://www.fholding.com.br/>).

<sup>79</sup> In the 2010 census, the Instituto Brasileiro de Geografia e Estatística (IBGE) put the number of favelas in Rio at 763. It is common to see other estimates that range between 1300 and 1500.

Rio and contains within it sizable differentiation, as some parts of the bairro have been standing for more than 30 years (Jaguaribe 178-9). The Favela-Bairro program (started in 1995) added infrastructure and urban planning elements to 73 different communities and in some land ownership and legal titles have been normalized (“Social Science” 23). How did this one term come to sublimate all these variations? Valladares points to two trends: first, 19 “favelas” have served as the site of 41% of all published studies on Rio and, second, there is “frequent recourse to statistical comparisons between on the one hand all favelas taken together, and on the other the rest of the city” (“Social Science” 22). Each of these tendencies is a different form of equivalence: a handful of spaces come to stand in for hundreds and for the urban periphery or territory of the poor as a whole, while statistical aggregates are used to define a line or difference between the formal city and its other. If once Perlman argued against the myth of marginality while reproducing the favela as an equivalence, as a process of abstraction, the social scientific and journalistic work produced in the moment of the emergence of public security discourse has managed to replicate both. What I am interested in, then, is how integration performs a dual role in the social scientific and journalistic work of the period: as a political imaginary of integration forms the content or the ideological import of these discourses, but also the means by which equivalence is established, the form by which the abstraction of the favela is produced.

We can see these dual functions in particular in recent social science literature that has attempted to begin to question the integration/exclusion imaginary. A 2009 publication from the Observatorio das Favelas, *O que é a favela, afinal?* opens by criticizing the common definitions of the favela as “ausencia” (lack of infrastructure, state intervention, etc) which leads to “homogeneização”:

Presentes em diferentes sítios geográficos—em planícies, em morros, às margens de rios e lagoas—e reunindo algumas centenas de moradores até alguns milhares, possuindo diferentes equipamentos e mobiliários urbanos, sendo constituídas por casas e/ou apartamentos, com diferentes níveis de violência e presença do poder público, com variadas características socioambientais, as favelas constituem-se como territórios que se exprimem em paisagens consideravelmente diversificadas. (16)<sup>80</sup>

In the end, however, the question of the book’s title contains its own answer: what the favela is is a favela, an abstraction, an equivalence, and while the authors give an alternate series of definitions (the favela not as lack), these nonetheless operate as different forms of equivalence.

Much like Perlman once did, we could argue against the ideology of the perception of the favela as lacking integration and demonstrate how the problem with the “divided city” approach is that it tends to reinscribe a myth of marginality: not that the poor choose to live in substandard portions of the city, but rather that these peripheral areas are not already incorporated into the city and what is needed is less exclusion and more incorporation. Integration-exclusion positions are a rehashing of the myth of marginality precisely to the extent that they ignore the critically important ways that peripheral areas are integrated into the larger city: as the site of land for future housing construction (and thus land speculation and financialized accumulation) and as the residences of the domestic and other low wage laborers who make the Brazilian urban environment run.<sup>81</sup>

However, we also have to account for the effects of the production of the favela as an object, and specifically the force of abstraction that integration as a means of equivalence performs (i.e., both making diverse spaces similar and imposing an absolute, unwavering line

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<sup>80</sup> Translation: “Present in different geographical sites in plains, on hills, on the banks of rivers and ponds and gathering a few hundred residents to a few thousand, having different equipment and buildings, and consisting of houses and/or apartments, with different levels of violence and the presence of the government, with varying socio-environmental characteristics, favelas constitute themselves as territories that are expressed in considerably diverse landscapes.”

<sup>81</sup> This is not to deny the differential inclusion of these populations into citizenship and state-maintained infrastructures; rather I only want to hold off on the elevation of inclusion as the privileged site of explanation.

between the formal and informal city). For it is here that the “favela” becomes something more than a sign or name, it is becoming a force, a form that both mediates how the geographical and social space of the urban is perceived and lived, and conditions the social relations that are found there. There is no magical moment in which one of the thousands of abstractions warehoused in the vaults of post-Enlightenment science becomes “real,” where it starts to dance, to pull its own strings and ours. Its real-ness, its force, can rather only be seen in its imprint of an obscure morphology, as it expands to colonize and warp more and more of a particular social field. In this case, it is only with the on-going failure of the integration of surplus populations into capital’s productive apparatus (and process of valorization), and the breakdown of money’s fiction and the myth of racial democracy that this particular abstraction takes on a life of its own. To see this thought truly become a thing, we must turn to the cultural texts that follow quick upon the heels of the new social science and journalistic literature. If science produces the abstraction, it is in the cultural texts where we can see it dance.

### The Becoming Absolute of Abstraction

At the end of the 1990s, this new wave of intellectual production concerning public security and the favela, which we will examine in greater detail below, emerged in the cultural sphere. The key year is 1997, which saw the publication of Paolo Lins’ *Cidade de Deus* (*City of God*), and 2000, the date of Ferrez’s first major work, *Capão Pecado* (*Sinful Hill*). These works, which famously represent the violence of everyday life in the peripheries of Rio and São Paulo respectively, were the beginnings of an explosion in cultural production (from novels and films to telenovelas and popular music) centered on the favela and the urban periphery. In what follows, I will take an in depth look at two different cultural objects, both of which have very

determinate connections to the matrix of social scientific work, Lins' *Cidade de Deus*, a novel, and the 2007 film *Tropa de Elite*, to examine how in each we can see the force of the favela as real abstraction operating. With *Cidade de Deus*, I will show how the reified split between the formal and informal city comes to shape the field of social relations, and in *Tropa de Elite* how the real abstraction of the favela produces the only possible conditions for knowledge of the informal city as singularity.

In terms of aesthetics, there are two broad traditions for treating peripheral urban areas, with two different centers of dominance. In film, the key aesthetic genre is the favela romance, which extends from films such as *Orpheu Negro* (1959) to Carlos Diegues' 1999 remake entitled *Orpheu*. These are films that participate, passionately and perhaps critically, in some of the main ideological narratives of peripheral communities, that of the happy poor and the favela as the site of carnival and samba, and thus of a mestizo/black inflected national culture. In literature, the dominant tradition has been that of the denouncement as a form of critical naturalism or realism.<sup>82</sup> This tradition stretches back to the end of the nineteenth century with novels such as Aluísio de Azevedo's *O Cortiço* (1890), while Rubem Fonseca's limpid, harsh short stories published during the dictatorship refashions the genre into what Alfred Bosi has called "brutalismo."

When the new literary productions on the favela, such as Paulo Lins' *Cidade de Deus* (*City of God*) and Ferrez's *Capão Pecado* (*Sinful Hill*), began to appear in the late 1990s two characteristics separated them from these prior representational modes: first, these works were

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<sup>82</sup> See for instance Resende, Beatriz. *Contemporâneos: Expressões da literatura brasileira contemporânea no século XXI* (Rio de Janeiro: Casa da Palavra, 2008) and Schøllhammer, Karl Erik. *Ficção brasileira contemporânea* (Rio de Janeiro: Civilização Brasileira, 2009) for two important readings of contemporary Brazilian literature through the category of realism. Both Flora Sussekind *Tal brasil, qual romance* (Rio de Janeiro: Achiamé, 1984) and Tânia Pellegrini "Brazil in the 1970s: Literature and Politics" read Brazilian literary history through the lens of a critical naturalism.

marketed and circulated as written by authors “from the favela,” that is by authors who, it is claimed, have access to the “real” of the favela. Second, all of these works assume the favela as their *object*,<sup>83</sup> that is they take place only or almost completely in the favela and are concerned primarily with the representation of drug violence, criminal activity, and police brutality there. As such, they touch frequently very little on the lives of women or working class people and the number of scenes that take place outside the favela or the number of characters from outside the favela (other than the police) are few. They thus participate in the process of equivalence, but they add to it a phenomenological dimension, the outlining of an absolute divide between the formal and informal cities. This divide comes to structure the social and spatial relations between the formal and informal urban spaces of these novels, and it is in how this divide serves as the unquestioned reference for narrative possibility that we can see the force of the favela as real abstraction, as the absolute divide takes on a quasi-objective form, structuring, pressing upon and conditioning the social field of urban space.

In Paulo Lin’s *City of God*, except for very brief trips to the beach, hospital, and prison, the action of the novel takes place entirely in the favela. More than this, the characters of the novel are figures who, if they do indeed have links (social, familial, otherwise) or insertions (laboral, intellectual, otherwise) outside of the space of the favela, are portrayed as if those linkages had little to do with their essence as characters. Indeed, the only outside linkages that have a structural position in the novel are the arrival of various trucks (gas, beer, etc) which are then robbed and the arrival of police who kill, rob, terrorize and are occasionally killed themselves.

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<sup>83</sup> If one examines the approach to the favela in Cinema Novo, in which it was a featured space of an aesthetics focused on the lumpen proletariat, one quickly notices, first, how the spatial cordoning on sees in later works does not apply (the space of the informal city is permeable and permeated) and, second how, across these works, the favela functions on a conceptual level always in tandem with the quilombo—marking it as haunted by the memory of liberated slave communities.

The narrative of *City of God* is divided into three parts, with each part covering a section of time ranging from the 1960s to the early 1980s and featuring an overlapping cast of characters. The final section, “Tiny’s Story, The Late 1970s and Early 1980s,” narrates a gang war that irrupts when Tiny, a drug kingpin, rapes the girlfriend of former military parachutist Jose, or Knockout, in front of him. This scene sets off a chain of events that leads to Knockout’s transformation from a hardworking, low profile member of the favela into the leader of a rival armed force engaged in a fight to the death against Tiny’s gang. Knockout is one of the few characters in the novel that undergoes a transformation; unlike many others, he is not presented as a flat, directionless cypher for pure, violent desire unchecked by any superego. Moreover, Knockout is one of the few characters who are presented as having experience outside the favela: “Jose worked as a bus conductor, was finishing high school at night in a state college on Seca Square and played soccer every Saturday afternoon—the only time he was ever around people his own age, because he wasn’t really the chummy type” (324).

Knockout is then one of the few characters whose development references the classical novelistic tradition. The majority of characters in the novel are rendered without a past or future, and therefore without the set of drives and restraints that would allow them to engage in “rational” future-oriented interaction. The novel, for example, opens with two young boys, Stringy and Rocket, smoking a joint together and Stringy recounting his dreams of becoming a lifeguard. These are dreams that will not come to pass, as the novel consistently negates at every turn its characters’ attempts to connect their present with a desired future and with an exit from the favela’s violence. Tiny is another example of this lack of depth or lack of future. After raping Knockout’s girlfriend, he comes looking for Knockout. His motivation: “He’d kill Knockout so that what had happened to Sparrow wouldn’t happen to him” (328). In Tiny’s reaction there is

only a brutal flatness, not the complex interior depth of the classical novel; not future orientation, but rather only conditioned response.

Knockout as a character is different because he leaves behind the path of a quiet, if not successful, life that bridges the *morro* (informal city) and *asphalto* (formal city) for one that reconstitutes itself within the violent banal flatness of Tiny's world. Once Knockout's grandfather and brother are killed by Tiny's gang, Knockout enters into an all out war with Tiny, building a sizable army of youths and engaging in multiple, long-running clashes with Tiny's forces. In the process Knockout is wounded multiple times and hospitalized, only to come back to the favela to try to finish off Tiny. This is how he is described before the final series of battles that leads to his death:

His eyes stung, but that's all—the tears did not come, and what good were tears anyway? Crying didn't change a thing. All he could do was allow his desire for revenge to well up. He had flashbacks of the sheet covering Grandpa Nel stained red, Steak-and-Fries with his head blown off, his darling being abused, the wall of his house riddled with bullet holes, his dog full of lead, and now the image of a blood-stained Antunes was about to be embedded in his memory. He reached Miguel Salazar Street, where the morning breeze was stronger, but fuck the breeze and the sun burning his face! What he really wanted was for it all to be an illusion, for his brother to be alive. He caught sight of the crowd. Blood ran down his pants leg and made the inside of his sneakers slippery. (392)

This scene and the opening scene of the novel are critical—they are the two moments in which those who dream or those who bridge the gap between favela and the outside are brutally forced back inside it. In this scene, the possible narrative path set up for Knockout at the beginning, a path of transformation, possibly leading him to rising social status, is foreclosed.

Merely pointing to the inability to represent and sustain attention on the linkages between the formal and informal cities in this novel and the other cultural objects of the period would perhaps be enough to show how the abstraction of the favela has come to life, structuring the

field of social relations through an absolute divide. However, I think there is an additional layer of interpretation that we can advance. The flatness of the characters in *City of God* results from the inability of anyone to shield themselves from violence and thus to be sucked into the cycle of retribution that structures the novel (and its social world). As the novel presents it, the tragedy of Knockout's character is that he had a chance to exit, but in terms of the narrative the reason why he cannot is because he is not a fully realized individual in the classical novelistic tradition—that is, presented as having psychological depth and complexity. Rather, Knockout is susceptible to the flatness that inflects the novel's other subjects. Perhaps this flatness is artistic critique—I am not arguing for or against that. What I am interested in is the mechanism: that full subjecthood, as conveyed by the narrative code of classic realist literature, is possible in only certain spaces of the urban. As a result, the “favela” is unable to contain subjects who are not potentially sliding back into flatness, much like it is unable to contain multiple forms of social relation (such as intra-peripheral class differentiation or familial spatial distribution) or determined linkages with any space outside it. The way the real abstraction of the favela comes to weigh and press upon urban social relations is as an invisible iron wall, wherein the phenomenology of this real abstraction as a lived experience can only be tragedy. What we can see in the character of Knockout is how the absolute divide between the formal and informal city produced in social scientific and journalistic literature takes on an objective force, how it comes to be an unquestionable structure of the narratives of novels like *City of God* and provides the narratological justification for their tragedies.<sup>84</sup>

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<sup>84</sup> Carlo Galli, in *Political Spaces and Global War* (Minneapolis, MN: U of Minnesota Press, 2010), argues that the spatial representations that defined the political during the modern period have been shattered by globalization. Galli argues that

because modern political spaces emerged as a response to a challenge, they have configured themselves in very precarious and contingent terms....but because those same spaces are also capable of housing within

It is important to make sure there are no misunderstandings. My argument is not that there are no distinctions between the lifeworlds of the *morro* and the *asfalto* or between the peripheral areas and middle and upper class areas of urban areas in Brazil. Nor is it that in *City of God* there is not something tragic about how the characters get pulled back into the favela. What is at stake is that presumption that this is all there is—that the divide, the gap, is taken to be the full structuring of the situation. What I am interested in pointing to is how this gap takes on a quasi-objective form in the novel; it is both unremarked on but constantly present. As such, what I am describing here is how representations (such as the novel) can participate in a process of the production of a real abstraction (in this case, the favela) which, through the cumulative effect of such representations, become something more than just a representation; the category becomes a force, a thing structuring social relations.

### A Singular Knowledge

We can see another version of the favela's force as a real abstraction—this time as creating the conditions for the possibility of knowledge and a will to truth—if we turn to one of the last decade's most discussed films, *Tropa de Elite* (2007). The film draws upon one of the centerpieces of intellectual production on public security and the favela: a series of books written by Luiz Eduardo Soares, former Secretary of Public Security for the Lula administration and a well-known, left-leaning sociologist and political theorist, which have circulated as forms of intellectual knowledge about the favela, as middle class bestsellers, and as the basis for *Tropa de*

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themselves the mobilizing forces of subjective and social liberty it is necessary to confront the great crisis of globalization—the fulfillment of the modern contradiction—with a new spatializing intent. (xx)

The way that the real abstraction of the favela hypostasizes an absolute division between the formal and informal city functions as a form of respatialization; however, instead of mobilizing new forces of liberty this spatialization furthers the conditions of global war.

*Elite* and *Tropa de Elite 2*. Soares's work, along with that of his co-authors Andre Batista and Rodrigo Pimentel, has moved across a variety of media platforms and sites of distribution and, as a result, has become perhaps the most important and formative set of ideas about security and the favela in circulation today in Brazil.

*Elite da Tropa* (2006), a book co-written with Andre Batista and Rodrigo Pimentel which served as the basis for the 2007 film, presents a series of "fictionalized" accounts of stories about the BOPE (the Battalion of Special Operations Police), a 150-member squad of the Rio police that comprises one of the most lethal urban operations units in the world (former members of the BOPE frequently move into the private sector advising the Israeli and other armies on techniques of urban warfare). The BOPE was created during the dictatorship in 1978, but took on its current form in 1991, that is, during the "transition," once the state and national governments switched from a politics of favela eradication to favela containment.

As a film *Tropa de Elite* was a surprise success. Shot on a shoestring budget it sold thousands of pirated copies on the street in Brazil before being re-edited and released in theaters, and it stands as one of the most terrifying and innovative cultural productions in the new favela genre for the way it generates new subjectivities for the public security state. The film tells the story of, and is narrated by, Captain Nascimento of the BOPE and traces two events: Nascimento's search for a replacement from the ranks of the BOPE and a major operation by the BOPE to pacify the Morro dos Prazeres favela in advance of a visit by the Pope to Rio. Nascimento has two potential successors, Neto and Mathias, and the film traces their evolution through the initial stages of training as Nascimento's voice-over measures for the audience their weaknesses and strengths and their progress in internalizing the worldview of the BOPE. In both characters, we watch the insertion of their subjectivities into the new police logic of the state, and

in this watching we are guided by Nascimento's voice-over which serves as both judge and jury, highlighting for us the positions the faithful servants of the security state must take up. For most of the film, Matias is the frontrunner in this search, and the film traces his subjectification in great detail.

Matias, played by Afro-Brazilian actor Andre Ramiro, is the figure whom the film uses to stage its condemnation of any thought that is not that of the police, and wherein we can see the force of the idea of the "favela" conditioning not just social relations but knowledge. Matias, in addition to training for the BOPE, is enrolled in law school, which leads to a series of scenes set in comfortable university classrooms where Matias is the only (visible) person of color. In his voice-over, Captain Nascimento tells us that this interest in the university and these people was a failing of Matias, that he was "soft at heart." Enrolling in school is read for us as a personal failing to completely submit to the logic of BOPE, in which there are only friends and enemies, either friends of traffickers or those who fight to save society from them. In a world in which an absolute division between the formal and informal city rules, the logic of the friend-enemy becomes the only possible social relation.

Indeed, the film rehearses this same absolute division that we saw in *City of God* by putting the well-meaning, left-leaning university students who run an NGO in the favela in awkward, embarrassing, or naïve positions (especially when confronted with what the film portrays as the harsh, dog-eat-dog reality of life in the favela). The film goes to great lengths to portray these students as "out of touch" with "reality," possibly racist, and secretly fascinated by the perverse reality of the favela (a theme which is repeated in many popular films, such as the Paulo Lins authored *Quase Dois Irmãos*). The students and their NGO are, in the logic of the

movie, on one side of a divide, a divide that the movie portrays as uncrossable: the divide is real, total, and permanent.

Matias, however, is (similar to Knockout) the only character who circulates between the world of the BOPE-favela and the world of the middle class. The film uses Matias to demonstrate that this divide truly conditions all social relations and that there can be no crossing. This is nowhere more clear than in a scene in which, for his law class, Matias has to complete a group project on Foucault. During the group's presentation to the class, the film portrays the students prattling on about discipline, excessive force and the police as Matias quietly fumes. Finally, he explodes. Matias's discourse is of intense interest. He opens by saying the students don't understand the police, but he does not deny that the force used by the police is excessive nor that many urban poor frequently have few other prospects than the drug trade. His speech then moves immediately to a different conceptual register, repositioning the debate in a different field: "The traffickers don't see grey, they don't accept excuses." As Matias' argument unfolds, the discursive field is shifted completely from a debate concerning the limits of sovereign power and the social distribution of the surplus to a political logic imputed by Matias to the traffickers in a favela: the logic of the friend/enemy.<sup>85</sup> It is clear, though, that this logic is less that of the

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<sup>85</sup> This distinction was given its modern formulation by Carl Schmitt in his *The Concept of the Political* trans. by G. Schwab, Chicago: University of Chicago Press, 2007. Since the Schmitt renaissance which began in the late 1990s, the distinction has been put to a number of uses, primarily as a description of the regression from the international liberalism of the Clinton period marked by the U.S. "war on terror." It has also, however, received a number of important critiques. In the field of Latin American studies Alberto Moreiras, in "Preemptive Manhunt: A New Partisanship," *Positions* 3.1 (2005b): 9-30, has called for a concept of the political "no longer...circumscribed by the Schmittian friend-enemy division" (11). While Ricardo Camargo ("Rethinking the Political: A Genealogy of the 'Antagonism' in Carl Schmitt through the Lens of Laclau-Mouffe-Žižek," *CR: The New Centennial Review*, 13.1 [2013]: 161-188) has problematized the way the friend/enemy distinction, and the related notion of "the political," has been taken up—via the work of Chantal Mouffe—into contemporary theories of radical democracy. And Carlo Galli has also presented a critique and reformulation of the Schmittian postulate of the enemy in "On War and on the Enemy" in *CR: The New Centennial Review*, 9.2 (2009): 195-219. For my purposes here, I deploy the term as a form of militarized social relation which the state builds onto the platform of the absolute divide produced by the real abstraction known as the favela.

traffickers than that of the BOPE and that one of the film's aims is to effect this displacement of the abuse of the sovereign power to kill from the BOPE itself to the traffickers.

What is most interesting is not Matias' argument *per se*, but rather how the film has positioned him as black and as a trainee of the BOPE, as having access to what I call "the singularity of the favela."<sup>86</sup> The reason why Matias' argument leaves the room silent is not that it is better formed or more deeply reasoned. Rather the room falls silent because we are being shown that Matias' classmates recognize the film's "truth": that deep in the heart of the favela there is a singularity and that there are two groups who have access to it. The first are those on the other side of the divide: the racialized others. Matias' classmates do not know he is a BOPE trainee so for them his access to the truth comes from his racialized social location. However, for the film's viewers, who know Matias is a BOPE trainee, the message is that the only group outside the favela with access to its truth are the BOPE. The film's affective pedagogy is to implant the idea that the middle classes, the intellectuals, anyone from the outside, can never have access to this singularity. This is a spatialized and racialized truth. If the social science literature produced the favela as an abstraction it is in films like *Tropa de Elite* that we can see that abstraction become real, determining not only social relations but the kinds and forms of knowledge that are possible. In the end, the film reveals how the specific linkage between the police and the new real abstraction of the favela has changed the social space occupied by the

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<sup>86</sup> My understanding of singularity is influenced by Peter Hallward's *Absolutely Postcolonial: Writing between the Singular and the Specific* (Manchester: Manchester University Press, 2001). Hallward counterpoises post-colonial criticism, which focuses on the singular, with that of counter-colonial writing that "assumes a world of constituent antagonisms and sharply demarcated interests; it is militant and partisan by definition. Its fundamental terms—engagement, position, mobilisation—are necessarily specific or relational rather than singular in their orientation" (xiv). Hallward's critique of postcolonial criticism avoids the usual pitfalls in order to argue that its orientation towards singularity undermines, in advance, all its claims to specificity. The "singularity of the favela" is in a similar way a false kind of particularity, a kind of knowledge of social relations that actually has no purchase on the relational.

police: no longer just the perpetrators of state violence, the police have become the guardians and producers of the only legitimate knowledge of the favela as well.

### Equivalence and the Law

Accounting for the production of the favela as real abstraction severely puts into question the primary explanation for the “favela’s” existence—juridical exclusion—and the accompanying political solution to exclusion—integration. As we have seen, the tendency to homogenize incommensurable spaces into the category of the “favela” is what gives it its salience as an academic and popular cultural term, although amongst both activists and researchers there is a growing acknowledgement that this equivalence is problematic.<sup>87</sup> However, this tendency to equivalence, even when acknowledged as an issue, as we saw with the Observatorio das Favelas at the beginning of this chapter, still structures the majority of accounts of the “favela.” This inability to be avoided, the way meaning cannot help but fall into the

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<sup>87</sup> The 2004 conference *Favela é Cidade* was important in this respect; as has been the work of Valladares (2005). Luiz Antonio Machado da Silva, who amongst social scientists working on urban violence has been, up to a point, a critic of the state and public security policies, has also noted the problem of equivalence (following the work of Valladares); see “Violência urbana, segurança pública e favelas - o caso do Rio de Janeiro atual,” where he writes:

É claro que, embora habitadas pelas camadas subalternas, elas nunca foram o espaço exclusivo de concentração dessas camadas, que sempre estiveram distribuídas também pelas áreas que, para simplificar, venho denominando genericamente de territórios da pobreza. Tampouco apresentam a homogeneidade interna que lhes atribui a perspectiva dominante, o que, aliás, seria impossível, dado o vertiginoso crescimento que as levou a corresponder, na atualidade, a cerca de 15% da população carioca, vivendo em 750 a 800 localidades, a depender das definições operacionais adotadas. Tudo isso está exaustivamente demonstrado pela literatura especializada: há vários tipos de áreas de concentração das camadas subalternas, além do que as favelas são diferenciadas (internamente e entre elas) por qualquer critério, socioeconômico, cultural, político, moral, etc. (Valladares, 2005). Mas o reconhecimento desse fato tem se restringido à pesquisa acadêmica. Apesar de todos os esforços, pouco interfere no debate ordinário, nas políticas governamentais e na própria autoimagem dos moradores dessas áreas.

Within the larger field of urban studies, the dichotomy of formal and informal as a means of understanding contemporary urban processes (in particular in the capitalist world periphery) has received an influential critique in the work of Ananya Roy and Nezar Alsayyid. See their edited volume: *Informality: Transnational Perspectives from the Middle East, Latin America, and South Asia* (Lanham, MD: Lexington Books, 2004).

gravitational field of equivalence is how we can recognize the presence and power of a real abstraction.

This tendency to equivalence and then the absolutization of a division between “favela” and formal city is apparent even in the best recent work. What is important to push back against is not just this false equivalence but also the way this work justifies an absolute division between formal and favela by claiming the distinction is based in the juridical exclusion of the informal city. For example, Bryan McCann’s *Hard Times in the Marvellous City: From Dictatorship to Democracy in the Favelas of Rio de Janeiro* (2014), cognizant of the problems of equivalence, opens with a detailed differentiation between favelas, irregular subdivisions and housing projects (pgs. 24-31). However, as we can see in his introduction, the framework of the book’s narrative (which is one of *moradores*’ struggles for inclusion), despite this acknowledging of difference across informal spaces, is determined by a juridical, zone of exclusion (that is, absolute) difference between the formal city and favela: “*Mobilization and Reform* had offered an opportunity to erase the boundary between favela and city. After the *Breaking Point* and enduring the *Unraveling*, that opportunity seemed more distant than ever, and favelas were perpetuated as zones of exception, where the rule of law and guarantees of citizenship did not apply” (16).

Focusing on the production of the favela as real abstraction challenges this account in two ways. First, I have attempted to give a non-juridical account of how the favela emerges as an object of discourse and then as a force structuring social life. That is, there is no question that the legal regime for formal and informal parts of the city is different. However, the legal regime amongst favelas, irregular subdivisions and housing project is varied—and often what is termed

“favela” encompasses several different (disputed) legal regimes and historical layers.<sup>88</sup> More importantly though, the weakness of the juridical account is that it assumes the legal sphere is immediately cultural. Even if we assume legal exclusion defines a consistent, absolute distinction between formal and informal city (which it does not), this juridical exclusion has to be put into cultural practice, it has to be become lived. There has to be some mediation between the legal and the cultural, and this is precisely what McCann and others are unable to track. As a result, instead of asking how did this absolute division become produced as a widely shared cultural assumption, they take the end product of a process of real abstraction (the absolute division between formal city and favela) as what needs to be explained. The easy answer, then, is the absolute division is explained by juridical exclusion. What my account argues is that *it is the process of production of the absolute division* as an “actually existing thing,” and not the absolute division assumed as an actually existing thing, that needs to be explained.

Second, the political solution offered by McCann, as is common for those who assume the favela/formal city divide as the “problem” (rather than the object whose existence must be explained), is integration and more citizenship. A focus on real abstraction leads us to de-reifying this absolute division and allows us to focus on the myriad ways the favela and formal city are in

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<sup>88</sup> Moreover, accounts that center on (juridical) “exclusion” as the origin point of the “favela” tend to ignore the complicated and functional parallel set of norms and accepted traditions that govern transactions in informal urban settlements. There is a significant literature tracing these norms or “o direito da favela,” which are generally seen as being produced in conversation with state-defined norms; see Raquel Rolnik “São Paulo, um século de regulação urbanística: para quem, para quê?” *Cadernos IPPUR, Cadernos IPPUR*, ano XI, 1.2 (1997): 131-162; Boaventura de Sousa Santos, *O discurso e o poder: ensaio sobre a sociologia da retórica jurídica*. Porto Alegre: Sergio Antonio Fabris Editor, 1988; and Alex Ferriera Magalhães, *O direito da favela no contexto pós-programa favela-bairro*, IPPUR dissertation, 2010. Most importantly, the problem with “progressive” accounts that use juridical exclusion as a point of revindication is that this very framework has now been adopted by the state as the justification (“ausencia do Estado”) for a new set of policing campaigns in Rio, the UPPs (Unidades de Polícia Pacifcadora) begun in 2008. What this adoption, in my opinion, should force us to realize is that even informal spaces of the city are saturated by relations with the state. The idea that there is an absolute divide between morro and asfalto defined by juridical exclusion, then, is not an empirical condition that must be decried but rather part of the ideological matrix produced by state and capital. See Marcella Carvalho de Araujo Silva and Monique Batista Carvalho “Circuitos políticos em uma favela pacificada: Os desafios da mediação,” *DILEMAS* 8.1 (Jan/Fev/Mar 2015) 63-76, for a summary of the state argument for a “vazio institucional” (p. 67-8) in the favelas and how the experience of the favela of Morro do Borel contradicts it.

fact highly *integrated*.<sup>89</sup> My political perspective is that the various forms of informal urban settlement are, in fact, already integrated into the formal city and this specific integration, which is economic, marks the limits of citizenship as a means of redress.<sup>90</sup> Put simply, the political corollary of the juridical exclusion perspective is to over-emphasize the importance of the state and to completely miss the centrality of the existence of the favela in contemporary urban capital accumulation in Brazil. That is, no amount of voting or redistribution of the social surplus through state programs will change this fundamental economic integration, which determines a whole host of issues from labor market segregation to exposure to real estate speculation and land seizure. The problems of the favela, namely poverty, land seizure, and state violence, are problems whose origins are in capital and which are not caused by the state (via legal exclusion) but which are extended and exacerbated by that legal regime. Thus, on a political level, we have to start with the existence of these multiple integrations and ask why they are unable to be spoken of, why they do not enter into critical accounts of the “favela.”<sup>91</sup> The weakness of the

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<sup>89</sup> There is a nefarious side to the intellectual genealogy of “integration” in the present. Frequently, increased integration and participation are seen as the *sine qua non* of means to promote “democracy.” However, as Renato Ortiz’s *Cultura Brasileira e Identidade Nacional* (1985) details, integration was a central policy framework of the dictatorship. There is a sense in which integration—as a general political modality—rather than representing a democratic break with the dictatorial past, represents its continuation into the present.

<sup>90</sup> One can imagine a counter-argument to my approach here which would run: “But claims for integration are what the struggles of favela residents (however you want to define them) have looked like since, at least, the 1970s. By discounting the actual form political struggle has taken you are falling into an idealist, utopian position; your perspective cannot account for the form actual political struggles have taken.” My response to this kind of counter-argument has two points. First, I am not saying legal exclusion does not have a role in the production of informal spaces—rather I am contesting whether it is fully explanatory and whether it is the primary cause. Second, I would push back against accounts that retroactively read all resistance in informal spaces as claims for integration. As I have highlighted consistently throughout this chapter, there is a subterranean history of riots and rebellions by urban proletarian and surplus populations which the liberal, pro-democratic narrative is forced to elide in order to produce its well-organized and sanitized image of community leaders engaging in productive discussions with the state. I would argue that this “image” of how politics has functioned in informal spaces is rather not a “reality” but is in fact the situation that clientalist state structures have attempted to produce.

<sup>91</sup> See Gary A. Dymksi “Ten ways to see a favela: Notes on the political economy of the new city,” *Revista Econômica*, 13(1): 7-36 for one recent recognition of the importance of these “integrations.” Mariana Cavalcanti Rocha dos Santos has examined what she termed a “paradoxical” inclusion-exclusion dynamic or “the paradoxical ways in which the favelas’ (shantytowns) social reproduction hinges simultaneously on their progressive commoditization, legalization and incorporation into the fabric of the so-called “formal” city and on their constitution as residual “territories” of global flows of drugs and weapons by a drug trade that thrives on reinforcing

juridical account of zones of exclusion, then, besides reifying the particularities of different informal settlements which do not share the same juridical status, is that it cannot account for this integration of labor and land into capitalist accumulation in contemporary urban Brazil—precisely because of its over-emphasis on the state.

### Other Than a Standpoint?

Cultural critics' response to these literary (and filmic) works has seen in them a return to realism and has fallen along two lines: many such as Beatriz Jaguaribe, celebrate these new cultural productions as a form of *testemunha* (testimonio) that “articulate their power of representation by positing a vital connection between significant personal experience and testimonial veracity” (“Beyond Reality,” 261). In contrast, some critics like Karl Erik Schøllhammer have sounded cautionary notes that it is occasionally difficult to distinguish between “compromisso social” and “marketing” in these works:

Percebe-se, então, uma linguagem em texto e imagem que incorpora a crueza da realidade periférica, numa representação midiática pasteurizada que dilui qual quer problema de conteúdo e do ‘como’ dar visibilidade a esse tipo de questão.... Aqui, fica claro que já não é mais possível avaliar o engajamento ou o compromisso com a realidade pela opção temática e nem pelos conteúdos escolhidos, uma vez que a realidade marginal e periférica foi há muito incorporada pelo desejo espetacular (100-1)<sup>92</sup>

Outside these occasionally cautionary notes, the vast majority of the vast critical output on these novels and films has lauded their critical force, a force derived in part from the positionality of their authors. For example, Nelson de Oliveira in his introduction to the edited anthology *Cenas*

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their spatial and social boundaries” (*Of shacks, houses and fortresses An ethnography of favela consolidation in Rio de Janeiro*, University of Chicago dissertation, 2007).

<sup>92</sup> Translation: One sees, then, a language in text and image incorporating the rawness of peripheral reality, a pasteurized media representation that thins both content and the problem of 'how to' give visibility to this type of question... Here, it is clear that is not possible now to assess the engagement or commitment to reality for the theme chosen nor the content, since the marginal and peripheral reality has long been incorporated by the spectacular desire.

*da favela (Scenes from the Favela)* argues that these new writers represent an overcoming of the prior “romantic” modes of representation of the favela, as seen in films such as *Orfeu Negro* (*Black Orpheus*, 1951) and *Orfeu* (*Orpheus*, 1999). Oliveira writes: “The fact is that, up til now, no author from the *centro*, from a middle class or upper class neighborhood, has succeeded in completely escaping the stereotypes and has registered the true face of the peripheral universe” (16). This reality effect can be seen in the first edition of Ferrez’s *Capão Pecado* which comes with photo inserts of the author hanging in the favela of Capão Redondo in the southeast of São Paulo.<sup>93</sup> While there is a long tradition of writing on the periphery and on lower income areas, only now are there widespread claims being made in the realm of cultural production that in order to capture the real of the favela, one has to come from inside it.

What we can see in *Tropa de Elite* is that the testimonial structure that much critical work has celebrated is easily inverted, which should make us pause given the amount of celebration of this as the central contribution of new cultural production on the favela. If for cultural progressives new cultural production from the favela carries a critical realism in the form of giving space to marginalized voices, *Tropa de Elite* shows that this belief, that only authentic voices can express the truth of the favela, can be a truth or singularity that only the police have access to. Rather than getting trapped in an undecidable debate over whether these novels are “authentic” cultural products of marginalized persons or coopted, spectacularized forms of capitalist cultural production, what I have tried to do in this chapter is show their strange force lies not in the truth that they speak but in the abstraction that animates them. As cultural critics, what should also give us pause is that a linkage between progressive political formations and variations on testimonio or social location has deep roots within Brazilian cultural thought,

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<sup>93</sup> It is worth noting that these authors’ positional knowledge is, of course, not unaffected by other mediations. The majority of the information for Paulo Lins’ *City of God* came from interviews he conducted for a research project into trafficking led by the anthropologist Alba Zuluar.

specifically in the literary criticism of Antonio Candido and Roberto Schwarz. Turning to their work can help us think about the limits of aesthetic production and our most common forms of critical response in a moment of the emergence of new forms of real abstraction.<sup>94</sup>

But before doing so, it will be helpful to briefly sketch another line of heterodox Marxist thought which has been concerned with impersonal forms of domination; what we might loosely define as “value-form theory.”<sup>95</sup> In the late nineteenth and early twentieth century, critics, such as Eugen Böhm-Bawerk, began to point to the “transformation problem” in Marx’s *Capital*; they argued that Marx had confused and no coherent way of relating price and value in his work. The Russian author I. I. Rubin, in his *Essays on Marx’s Theory of Value* (1928, first English translation 1973) responded to these critiques by arguing that Marx was actually not interested in explaining the world through bourgeois economic categories (such as price) but rather saw capitalism as producing a form of social life shaped by the “value form”—in Rubin’s case, the commodity fetish. In the 1970s, a group of German theorists, known as Neue Marx-Lektüre (New Marx Reading), drew on Rubin (and Evgeny Pashukanis) in attempt to refound Marxist thought after the exhaustion of orthodox Marxist programs.

These authors, including Hans-Georg Backhaus, Helmut Reichelt and Alfred Schmidt, argued that Marx’s *Capital*, which had been taken as a text about labor, exploitation, and direct class domination, had been completely misunderstood. The Neue Marx-Lektüre reading of

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<sup>94</sup> At the end of the 1980s and throughout the 1990s there was a debate in Latin American studies about the nature of testimonio literature. The 1970s and 80s had witnessed an explosion of testimonial writing in Latin America, frequently alongside new forms of political mobilization (the case of Rigoberta Menchú being the most well-known). Certain critics took this work as being proof that subalterns could indeed “speak”; while others, particularly after the canonization of this work in U.S. academies and its commodification in the market place, took a more cautious approach (for a summary of debates see Georg M. Gugelberger, *The Real Thing: Testimonial Discourse and Latin America* [Durham, NC: Duke University Press, 1996]). What I want to suggest in this section is that current debates over “favela realism” replay in certain ways this prior debate about testimonio but also that the idea that social location and access to knowledge are linked has a much longer history, one that is rooted in class-based Marxism, stretching back at least to Lukács’ *History and Class Consciousness*.

<sup>95</sup> The domain of work related to either contemporary or historical version of value-form theory is now very large and defies easy summary. My approach here focuses on a specific variant of it, Neue Marx-Lektüre, and the work of Moshe Postone, who shares some, but not all, of their ideas.

*Capital* emphasized not labor and the extraction of surplus value, but, drawing on the work of Adorno who was the teacher of Backhaus, on how capital produced a world of indirect social domination. Through detailed readings of the first chapter of *Capital*, which many interpreters skip over or dismiss as “dialectical wordplay,” they presented a new picture of Marx as a theoretician of the *value form*. As Backhaus wrote in his classic 1968 essay “On the Dialectics of the Value-form”:

In the foreword to *Capital* Marx energetically warns against neglecting the theory of the value-form: “For bourgeois society, however, the commodity form of the products of labour or the value form of the commodity is the economic cell-form. To the uneducated its analysis appears to turn on minutiae.” “The human spirit has sought in vain to ground the value-form for more than 2000 years”, the Ricardian school included. From the quotation it follows that Marx claims to have unravelled, for the first time in the history of research, this “puzzling form.” (99)

For Backhaus, Marx’s project was not just the critique of the existence of this “‘objective semblance’ which constitutes the ‘mystical character’ of the commodity” (103) but rather an account of its genesis—that is how these thing-like forms come to define the social world of capital.<sup>96</sup>

The Neue Marx-Lektüre reading of Marx—a critique of most prior interpretations of *Capital*—was also one of the theoretical foundations underpinning the workers’ movement. Both the German school and subsequent authors influenced by them, such as Moshe Postone, argued that prior forms of Marxism and Marxist theory (whether orthodox or heterodox) were based on labor, as opposed to value—meaning that they were based in the standpoint of labor or a theory of capitalism as defined, primarily, by the exploitation of labor and the production of surplus value. Authors in the value-form tradition hold that capitalism is first and foremost a system of

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<sup>96</sup> This brief summary does not begin to do justice to Backhaus’ work. For a more detailed account see Riccardo Bellofiore and Tommaso Redolfi Riva “The *Neue Marx-Lektüre*: Putting the critique of political economy back into the critique of society,” *Radical Philosophy* 189 (Jan/Feb 2015): 24-36.

impersonal domination. Postone, for example, argues in *Time, Labor and Social Domination: A Reinterpretation of Marx's Critical Theory* (1993) that the standpoint of labor implies that capitalism is seen as a system of two classes where one, through possession of the means of production and the juridico-legal structure based in private property, directly dominates the other. This leads traditional Marxists into a politics based, not in the transformation of production itself, but merely on a redistribution of the social surplus. Postone argues that what the failure of “actually existing socialism” demonstrates is that there can be no redistribution of the social surplus as “solution” to capitalism, rather the entire system of production must be overturned. As a result, the forms of domination that structure capitalism are not, Postone continues, private property or forms of direct domination but rather impersonal and take place through the production of quasi-objective structures.

Let's return then to the work of two of Brazil's foremost cultural critics: Antonio Candido and Roberto Schwarz as examples of the deep roots in Brazilian thought of a link between progressive political formations and variations on testimonio or social location. Antonio Candido's classic essay “Dialectica da Malandragem” (1970) traces the origins of both a specifically Brazilian national identity, the *malandro* or the “hero without character,” and a specific foundational form of Brazilian carnivalesque realism back to Manuel Antonio de Almeida's *Memorias de um sargento de milicias* (1852). Candido argues that the novel has a vision of society as composed of two spheres, one of order and one of disorder, and that it is the *malandro* who passes between the two, undercutting the hierarchies of the world of order by exposing it to the traditions of disorder. This refusal of “morals” and the “questão de policia” makes *Memorias* “talvez o único em nossa literatura do século XIX que não exprime uma visão de classe dominante.” For Candido, then, the *malandro* is the outsider, the proletariat in the

Roman sense of “those who have nothing,” who undoes the hierarchies of domination. Roberto Schwarz’s work is associated more with an Adornian critique wherein master artists (such as Machado de Assis) condense a society’s contradictions into literary form. However, in Schwarz as well, and especially in his important review of Lin’s *City of God*, a central element of any society’s contradictions are those of class. As he writes in his review, we witness in the novel “(without promoting any political illusions)...[the] activation of a different class’s point of view” (“City of God,” 109).

What Schwarz and Candido’s positions have in common is that their form or means of cultural critique is derived from what we might call traditional Marxism or from the standpoint of labor. The critical perspectives of Schwarz and Candido derive from the idea that there is something in the subjugated knowledges or cultural forms of the marginalized (be they conceived as the proletariat or simply as a marginal population weakly integrated into the productive apparatus) that if released into the cultural sphere can contribute to a project of the undoing of the hegemony or domination of one class by another.<sup>97</sup> We can imagine now how critics of impersonal domination, such as *Neue Marx-Lektüre* and Postone, might respond: they would argue, instead, that the forms of domination that structure capitalism are not (primarily) direct forms of class domination but, rather, impersonal, and take place through the production of quasi-objective structures such as the value form and real abstraction. The point of this theoretical exercise is not that the state and capital do not try to control knowledge production and suppress certain forms of knowledge, but rather that this is not the only, not perhaps in certain moments, the most important, form of social domination one find in capitalist societies.

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<sup>97</sup> It is important to note that my argument here is not that indirect domination is the only form of domination in Brazil: the police are real, and direct domination exists. My aim here is rather to put pressure on the link between social location and the attribution of progressive political forms.

What I have tried to bring out in this chapter is that while certainly the world of representation and the public sphere exist, there is another, more impersonal form of domination that textual and intellectual production contributes to in certain historical moments and situations, and that is the production of real abstractions. My point is that there is a real limit to the kind of work that can be done on a representational level by cultural products when they are caught up in a moment of producing a real abstraction. Neither the critical perspective of Candido or Schwarz, nor any of the other celebrations of the realism of new works on the favela, can address the new forms of abstraction that underpin the production of the “favela” as an object in the period after the crisis of hyperinflation, breakdown of the myth of racial democracy, and the spread of new forms of state violence. This inability then is a limit, a real one, of the aesthetic in a moment of financial crisis, in which the fiction of money breaks down, creating a need for new forms of real abstraction to replace its role in capitalism’s impersonal forms of domination.

Having noted this limit, we cannot simply fall into the grand hotel abyss (as Adorno was once accused of doing).<sup>98</sup> Rather as cultural producers and critics we must learn to stay in the room with the intractability of real abstraction as a force in our social worlds, and not overvalue nor overestimate the work of representation. Part of this staying with the intractability of real abstraction means recognizing that the structuring of urban social relations and knowledge by the real abstraction of the favela has proven a durable one. In particular elite/high cultural production in both São Paulo and Rio de Janeiro focused on peripheral communities has had difficulty

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<sup>98</sup> This was Georg Lukács assessment in the 1962 preface to *Theory of the Novel: A Historico-Philosophical Essay on the Forms of Great Epic Literature*, trans. Anna Bostock, (Cambridge, MA: MIT Press, 1971), p. 22: “A considerable part of the leading German intelligentsia, including Adorno, have taken up residence in the ‘Grand Hotel Abyss’ . . . a beautiful hotel, equipped with every comfort, on the edge of an abyss, of nothingness, of absurdity. And the daily contemplation of the abyss, between excellent meals or artistic entertainments, can only heighten the enjoyment of the subtle comforts offered.”

escaping from the force field of the favela's real abstraction. However, in a recent (2013) film shot in Brasilia, *A cidade é uma só?* (which blends documentary and fiction), we can see a conscious attempt to break with the forms of abstraction that underpin the discursive formation of the favela and to maintain an anticipatory distance from its fields of strange force.

The film follows three individuals, all residents of Ceilândia. As is well known, Brazil's capital city, a testament to high Modernist design and planning, contained no residences for the workers who built the city. As a result they settled in informal settlements and in 1969 the government initiated a massive publicity campaign and program of removal of one such settlement, which sat in the flight path of international flights landing in the capital. These residents were removed to Ceilândia where they were promised titled lots and infrastructure. There they found neither. The three individuals who the film follows are all residents of Ceilândia. One, Dildu, is running for *vereador distrital* on a platform that promises to end the institutional racism (in education, health, and employment) faced by those from Ceilândia. Another, Nancy Araújo, is a folk singer who as a young school girl participated in a government-run publicity campaign for the removal, singing a song written to convince residents it was their duty to move, "A cidade é uma só." The third, Zé Antônio, is the brother-in-law of Dildu who spends the film alternately helping him campaign and cruising around Ceilândia looking for people who are selling their property.

The film documents three things which are pertinent to our discussion: first, Ceilândia is being absorbed into the formal city and all around high rise condominiums are going up. Second, because of the modernist framing of Brasilia we have informal settlements being read not as overdetermined "favelas" but within a different frame, occasionally ironically invoked but frequently provokingly so: the utopian promise of one city for all. Finally, the film focuses

extensively on transport: many of the scenes are of the long bus rides Dildu takes to get to his job, Nancy driving to a radio station, or Zé driving around Ceilândia or out further in the countryside. The film reveals that the line between informal and formal is never static, that it is shaped by the pressures of land speculation and capital accumulation occurring through the construction sector. But at the same time the film extracts discourses on peripheral areas from the abstracted forms of the megalopolis and positions the thought of informality not in a frozen horizon of integration but rather in the empty category of the jingle “A cidade é uma só.”

Perhaps just as important and relevant are the aesthetic means used to accomplish this. The film never formally presents any of its subjects. As well, it never formally defines any territory or notes a transition from formal to informal parts of the city. The film operates from an aesthetics that is marked by its indirection and its distance. Never presenting a topic like land speculation or the transformation of Ceilândia into condominiums directly, the film allows these thematics and processes to emerge from the space and the speakers themselves, never wholly, always fragmented, frequently as an intuition. In one of the final shots of the film, we see in the distance across a barren, red dirt lot an ad for a coming high rise development. This distance is the aesthetic wager of the film: instead of participating in the abstractions that circle the space like vultures, this distance opens the possibility that something else might appear.

### Violence, Abstraction, and the Failures of Finance

The title, at least, of Christian Marrazzi’s *The Violence of Finance Capital* (2011) would seem to promise some remarks on the connection between finance and violence. The few references the book contains on violence mostly employ violent as adjectival modifier for different financial processes:

Beginning in August 2007 with the explosion of subprime loans, the financial crisis looks more and more like a long-term crisis, a crisis paired with a credit crunch, banking bankruptcies, continuous interventions by monetary authorities not able to structurally influence the crisis; there are costly actions of economic revival, risks of insolvency of individual countries, deflationary pressures and possible violent returns of inflation, unemployment increases and income reduction. (107)

...and prices of financial assets (which can both increase and decrease) violently explode. (108)

This is the moment when wage constriction is violently manifested, exactly like the 16th century enclosures where access to land as a common good was repressed with the privatization of the land and the putting wages to the proletariat. (119)

Is there a connection between finance, the rise of finance, and violence that goes beyond the merely adjectival? What could our discussions of the connection between hyperinflation and national popular breakdown in Brazil contribute to it?

In Latin American studies, the topic of violence has received a great deal of attention in the last decade. Much of this work has attempted to address the paradox of rising or expanding forms of violence, social war, and “failed” states during a moment of “increasing” democracy in the region. Most often the diagnosis that has been advanced is that the failure of strong states has led to the proliferation of state and non-state violence across the social field.<sup>99</sup> These explanations tend to think of the state and violence primarily in Weberian terms: the state is defined by a monopoly on violence and if there is violence in the social field then it must be caused by an issue with the establishment or maintenance of this monopoly. As a result, in this work, the cause of increasing violence is seen as the lack of a strong state which can lead also to a downplaying of state forms of violence.

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<sup>99</sup> For one influential and widely cited version of this argument see Kees Koonings and Dirk Kruijt (eds.), *Armed Actors: Organised Violence and State Failure in Latin America* (New York: Zed Books, 2004). More recently, there have been attempts to think democracy and proliferating violence not merely as paradoxical, but rather as co-constitutive, see for example Enrique Desmond Arias and Daniel M Goldstein (eds.), *Violent Democracies in Latin America* (Durham, NC: Duke, 2010). Another important work which attempts to push back against the failed state, proliferating violence paradigm is Jean Comaroff and John L. Comaroff (eds.), *Law and Disorder in the Postcolony* (Chicago: University of Chicago, 2006).

What happens, however, if we think of the state not primarily as defined by a monopoly on violence, but rather from the perspective of finance, in particular as the need to socialize debt and financial crisis? The position I want to advance here is that the main shift in peripheral states has not been a “slimming down” leading to loss of the monopoly of violence, but rather a shift in their mediating function: not a decrease in the size of the state, but rather a shifting of resources from welfare and aid programs into policing to enforce a socialization of finance and debt.

Thinking about Latin American states primarily via Weber and the monopoly on violence misses how peripheral states were formed as devices of mediation between internal populaces and external flows of capital; a relationship that is very apparent in the late nineteenth century during the creation of Latin American export economies.<sup>100</sup> However, even at the height of the national popular moment and developmentalist ideology, states essentially continued to perform this function: directing external capital flows into their desired substitution strategy in the interior. In the case of Brazil, perhaps more so than other Latin American states, this position of the state is very apparent. In the early 1960s, a debt crisis was pressing and the solution was a military dictatorship with a commitment to adapting itself to a new form of mediation and

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<sup>100</sup> I have tried to develop this argument in more detail in another piece of writing that compares Justo Sierra and Michel Foucault to sketch the differences in the process of state formation in Mexico. One piece of the argument shows how this mediating function which is so key to Latin America state formation is entirely absent from Foucault’s work:

I want to return briefly to an argument of Foucault’s which I discussed at the outset. Foucault argues that the shift between the *raison d’Etat* and the liberal state was marked by the creation of a principle of governmental regulation that was internal to government: whereas in the sixteenth and seventeenth centuries law was used to control and limit the sovereign, the problem of liberal governance or what Foucault calls this new “governmental rationality” was “governing too much.” It was a shift from external limitations, from rights and a government based on right and wrong to internal limitations and government based on success and failure. I have argued here that the “limit” played a much different role in the thinking of Justo Sierra and in the functioning of the Mexican state during the Porfiriato. Externally, the Mexican state was concerned with fomenting foreign direct investment and playing world powers and banking interests off one another as a solution to an on-going debt crisis and thus was not an exploiter of an “unlimited world market.” Moreover, internally, the state’s policies, as we have seen in Sierra, were not referred to the kind of “correct or not,” “too much or too little” logic that Foucault describes as being at the heart of the rationality of European liberal states. (386)

opening itself to a greater volume of international capital. While it is the case that states, such as Brazil, do lose a certain amount of control over their external insertion and internal dynamics as new financial architectures are imposed on the world economy after 1973, this “loss” should not be seen as an oscillation between sovereign control and external control, but rather as a shift on the continuum of the Latin American state’s role as mediator of external flows.<sup>101</sup>

Frequently in theorizations of new forms of or increasing violence in the periphery, the assumption is made that less state means more disorder and thus an increase in non-state violence as states recede, lose control, and shrink. A different, less developmental state-nostalgic perspective would be to start from the state as mediator; thus, in the 1980s and 90s in Brazil the state begins to take on a different mediating function: instead of regulating, directing, and opening the country to certain forms of international capital, now its mediating function is to socialize the debt crisis and to ensure payment. Once the decision is made not to default, all that remains is the mediation or the decision which social group(s) will bear the burden of paying for the debt. The socialization of this debt onto peripheral and working class groups generates the unrest associated with hyperinflation and unemployment. It is to impose this socialization and successfully perform its mediating role that the Brazilian state doubles down on state violence, in direct and indirect forms. The state then does not merely get out of the business of social welfare, it transfers these resources into the repressive apparatus.

Racialized state violence as a material practice and new forms of real abstraction are what appear when the *saltos* of finance capital miss their mark, when they stumble and fall, when the circulation of M-C-M’ (money – commodity – money) fails to complete. The turn to racialized

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<sup>101</sup> In other words, the beginning of neoliberalism does not signal a radical break between a period in which Latin America states were “autonomous” and one in which they are now the puppets of the IMF, World Bank, etc. My position is rather there is much more continuity between these two periods and that focusing on the state as a mediator for international capital flows demonstrates that continuity.

state violence in order to impose a socialization of debt is an attempt to fulfil a mediating function, to partially complete the failed *saltos* of finance. This is why the moment of finance's rise is accompanied by those "unpolitical" gestures of marginalized surplus populations, which have been rejected and erased by state and progressive historians alike: riots, looting, *saques*. The popular measures adopted in a moment of financial crisis are precisely the inverse of finance's failed *saltos* and the state's socialization strategies: *saques* are the seizure of what finance makes scarce. The politics of the *saque* is the politics of a counter-*salto*, jumping directly from C to C, a refusal of the failed mediation of finance (money) and a recognition that the state is attempting, through a socialization of the debt, to close this gap, complete a failed leap. What we can see in the complicated politics of the *saque* is the important role that seizure—perhaps alongside inclusion and representation—has played in response to the dehiscence of finance.

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### Chapter 3

## Subject of Credit: Credit Democracy, Projection, and State Violence in Financialized Brazil

E (Elio Gaspari): Como saideira, Gullar, como é que voce ve as perspectivas de socialismo no Brasil hoje?

F.G. (Ferreira Gullar): A longuissimo prazo.... A longuissimo prazo...

E: E com juros!

F.G.: E com juros!...

--Interview conducted on 23/08/79, republished in *70/80 Cultura em Trânsito – Da Repressão à Abertura*, p. 182<sup>102</sup>

At the beginning of the 2000s, the general financial and political crisis of Latin American countries had been “stabilized” and Mexico and Brazil moved to a new model of finance and export-led accumulation. This model, in Brazil, had two components: personal credit to spur domestic consumption and the export of primary commodities (in particular minerals and oil to China and other countries). As such, the new economic model was a mix of financial and extractive industries. One of the distinctive features of this period in Brazil is the degree to which the state was able to harness global capital flows and channel them into personal credit structures and operating capital for corporations, thereby enabling a (temporary) boom fueled by domestic consumption and extractive “national champions.” In this chapter, I trace three transformations that the massive entry of finance into Brazil after 2003 has wrought: a form of (failed) financial corporativism, a projective structure of feeling, and a certain kind of subjectivization. In each

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<sup>102</sup> E: And to conclude, what do you think about the possibility of socialism today in Brazil?

FG: Very distant.... Very distant...

E: and with interest! (E makes a play on words here, prazo is the period of a loan but also means more generally “time”)

FG: and with interest!

case, my aim is to be attentive to finance's fragility or instability: finance-led booms last only as long as the financial flows do. Thus, part of what this chapter traces is how once the financial boom begins to fade, the state turns more and more to violence and policing in order to seize assets, control unruly populations, and supplement the failed corporatist machinery.

In the opening section of this chapter, I chart the expansion of personal credit (which has been woefully understudied) as a form of financial corporativism during the PT governments in Brazil since 2003. As well, I examine some of the principle cultural mediations of credit and the role of Rio de Janeiro as the site of the production of these mediations, in particular the transition from discourses of racial democracy to credit democracy elaborated in the 2012 telenovela (or *novela* in Brazilian Portuguese) *Cheias de Charme*. In the second part of the chapter, drawing on the work of Raymond Williams, I turn my attention to finance's structure of feeling and how the mental act of projection has secured legitimacy or acquiescence to the spread of finance across different social situations and shaped new social relations of credit. In the final section, I examine the kind of subjects that the personal credit expansion has produced. Here I argue that credit expansion has produced a form of the subject as a pass-thru or gateway in which the state is less concerned with subjects' interiority and more with facilitating the seizure of assets or income. This seizure requires a concomitant expansion of militarization and the threat of state violence which further hollows out the subject. I conclude by returning to Rio de Janeiro to ask what imbrications between new public security strategies (the UPP) and finance might tell us about coming political formations in Brazil.

Credit, the Corporatist "Miracle"

The so-called “new middle class” of Brazil has been the object of countless studies and homages—perhaps to the point of exhaustion. They have been called the new *batalhadores*, seen as a new source of wealth “at the bottom of the pyramid,” and heralded as the protagonists of a new era of Brazilian politics. However, what went overlooked or under-analyzed, for many years, in these paeans and *pesquisas* is perhaps today finally coming to the surface: namely, the centrality of credit—which is not a wage but rather money one has to pay back and with interest—in this Brazilian “miracle” and the state’s role in providing it. What was lost amongst the celebrations of “sustainable development” and upward class mobility is that since 2003 Brazil has witnessed a massive expansion of personal credit, across almost all sectors of society. With the slowing of GDP growth, starting in 2012, and after the popular uprisings in June 2013, there is more space now for critical approaches to this most recent boom and for questioning the role of the state in producing a situation in which as of July 2015 21.5% of families are behind on one credit account (CNC n.p.) and where the APR on some credit cards has hit 345% and APRs of at least 200% are common (Martello n.p.).<sup>103</sup>

While real wages most certainly did rise in the period after 2003, the expansion of credit has been just as strong.<sup>104</sup> Since 2003, the total amount of credit to *pessoas físicas* has grown from R\$ 84,792 milhões to 789,428 milhões as of May 2015 (Banco Central, “Relatório de Economia” n.p.; Banco Central, “Política Monetária” n.p.).<sup>105</sup> Total credit to households as a

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<sup>103</sup> For example, a featured interview in the December 2014 issue of the Brazilian credit industry’s trade journal *Credit Performance* with political scientist Murillo de Aragão is framed by his declaration, “A expansão do crédito para alavancar o crescimento econômico parece ter chegado ao limite” (Balthazar 9). Through the first six months of 2015, 93 Brazilian companies have had their credit ratings downgraded and U.S. investment banks are now investing in Brazilian debt collection agencies in anticipation of increasing defaults (Levin n.p.; Pacheco n.p.).

<sup>104</sup> Between 2002 and 2013 the minimum wage in Brazil increased from R\$ 200,00 to R\$ 678,00, an increase of 70.49% (*Vozes* 19).

<sup>105</sup> The Banco Central do Brasil divides its reporting of credit to individuals (*pessoas físicas*) into two categories: “recursos livres,” which includes such things as crédito consignado, credit cards, cheque especial, and auto loans and “recursos direcionados” which include housing, BNDES, and rural development loans. The numbers above refer to the total amounts of lending in the “recursos livres” category.

percentage of GDP (a common rule of thumb for measuring the amount of consumer credit) is hovering around 46%, having grown from 18% just a decade ago (Banco Central, “Séries Temporais”; *The Economist* n.p.). Most importantly, currently debt service takes up roughly 22% of all disposable income in Brazil (Banco Central, “Relatório de Estabilidade” 22; Banco Central, “Séries Temporais”). For comparison purposes, debt service in the United States is equal to 9.92% of income and, in the months before the 2008 financial crisis, broke 13% for the first time since the Federal Reserve began tracking these numbers in 1980 (Federal Reserve n.p.). What this means in practical terms is millions of people all over Brazil paying massive amounts of interest for homes full of appliances, for new or used cars, and, increasingly, for their homes themselves. However, credit has been sold by the governments of the Partido dos Trabalhadores (PT) as a part of a process of “democratization,” of making society more “inclusive,” and while it may change consumption patterns, mass credit has most certainly made a great deal of money for those holding the loans (which includes a broad selection of national and foreign elites, as well as state banks). The rapid expansion of mass credit during the Lula and Dilma administrations, and its effects on social and cultural life, then, remains an under-researched question (Müller 2014) and my approach to it in this section will be as an attempt by the state to rebuild its corporatist machinery which neoliberal policies had undercut. The creation of structures of financial corporatism is accompanied by a new kind of national cultural integration or imaginary, one which I will call, credit democracy, to emphasize its historical roots in and difference with racial democracy.

In the process of financial liberalization in the 1990s, many Latin American countries privatized, to various degrees, their banking systems. What differentiates Brazil is the degree of public control maintained via the government’s direct and indirect control of large pension funds

(Jardim 5), as well as public banks such as Caixa and Banco do Brasil and the development bank, BNDES. These forms of government control over public money have made possible the attempted reorientation of the Brazilian economy around internal demand supported by mass consumer credit (as well primary commodity exports). Due to its control of these large state banks and other financial levers, the federal government can incentivize or prime the amount of personal credit in the market. However, under the Lula administration, the state went one step further, in essence creating a “new” form of personal credit, known as *crédito consignado*.<sup>106</sup> While all forms of personal credit can be thought of in some way as enacting a kind of financial corporativism (as the state ultimately can regulate how much credit is being offered by lenders and the state controls the legal environment defining different credit modalities), *crédito consignado* represents a more direct form and a discussion of the rise of this credit modality sheds light on how financial corporativism has worked in general during the recent PT administrations.<sup>107</sup>

One of the key instruments that have made possible the expansion of consumer credit was the massification of a formerly little used modality of credit, *crédito consignado*, which occurred in 2003-4. *Crédito consignado* functions essentially as a payroll deduction loan, which means that as long as someone is employed in the formal economy or is receiving their retirement benefits, their loan payment is deducted directly from their paycheck or benefits payment. As such, the loans carry very little risk; in particular loans to retirees are almost risk-free. As of May 2015, *crédito consignado* accounted for roughly 33% of all credit to individuals (including auto

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<sup>106</sup> The legal framework for payroll lending had existed since the 1930s and BMG had been making *consignado* loans to governmental employees since the late 1990s (Ferreira 8).

<sup>107</sup> In addition, a large portion of all credit to individuals has been provided by state-owned banks, and their share of lending is increasing, from 35% of all loans in 2009 to 55% in 2015 (Associated Press n.p.). As well, instead of reading the recent past in Brazil has part of a “transition to democracy,” my approach emphasizes rather the carry-over of corporatist and state policing structures and the tendency to secure state control through their capillary extension and amplification (Wiarda; Zaverucha).

loans) and since 2005 the amount of consignado loans has increased 382% to total, as of May 2015, R\$ 263 bilhões (Banco Central, “Política Monetária” n.p.; ““Empréstimo” n.p.).

The creation of crédito consignado forms a part of a larger story of what Roberto Grün has termed the “financeirização de esquerda” and Ricardo Antunes “sindicalismo de negócio.” As Grün notes, Central Única dos Trabalhadores [CUT] and Força Sindical had, in the 1990s, begun to fight for control of or influence over large pension funds (Grün “A Evolução”; Grün, “O ‘Nó’”). By 2003, these large union federations, in particular CUT, which has close ties to the PT, began undertaking negotiations that would allow them to offer consignado to union members (Moreira A4). While the rhetoric of the unions was of attacking banks (i.e., negotiating lower interest rates for members), in fact the unions were contesting with the banks for financial service revenue streams (Weissheimer). When in November of 2003, CUT signed a deal creating a crédito consignado structure for some of its members, Lula’s finance minister, Antonio Palocci was present at the signing, highlighting the degree of government support in preparing and promoting the new credit form (Moreira A4).

In September 2004, the Lula government extended crédito consignado to individuals with INSS benefits, in effect massifying the consignado credit structure beyond the PT union-linked base (Salomon; Gigliucci). The lower interest rates led to the quick expansion of consignado to INSS recipients and the slow extension of consignado from public to some private workers. In practice, the consignado loans function like a line of credit. The INSS, for example, sets a cap on the amount that can be lent from an individual’s benefit payment (currently 30%).<sup>108</sup> If a retiree gets a monthly benefit payment of R\$ 1000, they can have up to R\$ 300 per month deducted directly from their payment. This R\$ 300 functions like a line of credit which the retiree can use

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<sup>108</sup> On July 7, 2015 the government raised the limit from 30 to 35% but this extra 5% can only be used for paying down credit cards. In essence the limit which can be used for new debt continues to be 30%.

to make commodity purchases or put towards a payment on a car or even house loan. Many consignado providers also offer credit cards, allowing part of the credit to be used through this modality.

Crédito consignado was from the very start a government-linked program and part of an attempt to promote domestic consumption after the recession of the early 2000s.<sup>109</sup> Lula's finance minister Antonio Palocci declared in 2003 that he expected R\$ 20-160bn in consignado loans to be made, and when it became apparent that this wasn't happening, public banks began to buy the loan portfolios of smaller banks like BMG (Banco de Minas Gerais) who were making the majority of consignado loans (this functioned like a form of securitization, allowing the banks to make more loans; Rodrigues; Nascimento; Ferreira, Leitão and Sadi). While much has been written about the Bolsa Familia as a wealth redistribution program, it amounts to only .05% of GDP per year (Watts). Accumulated domestic credit in Brazil, as noted before, stands at roughly 55% of GDP. Credit then has been the PT government's most important strategy of attempted "wealth transfer"; the question is in what direction is the wealth really flowing, as even with 21-32% APR (current rates for consignado loans for public employees [Banco Central, "Taxas"]) many consignado borrowers can end up, depending on the length of the loan, paying back almost double, or more, of what they have borrowed and none, as long as they are employed in the formal labor market (for active workers) or are alive (for retirees), have the ability to stop, skip, or renounce payments.

The 1980s and 1990s witnessed a widening gap between the formal and informal labor markets and the increasing inability of the state to mediate the capital-labor relation through traditional corporatist structures (Bensusán and von Bülow; Boito Jr.; Veloso). The movement

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<sup>109</sup> Credit provision has been an important part of the recent boom, as 50% of GDP growth seen in the last ten years has come from private consumption (*The Economist* n.p.).

of the PT as the party of labor into control of pension funds and the movement of unions themselves into financial services was an early reformulation of these corporativist structures. The central instruments of mass credit, such as *crédito consignado*, are developed from within and by union structures and then taken over by social security and the private sector. Thus, the expansion of personal credit should be seen, along with the expansion of state police and paramilitary forces in the same period, as a structure that emerges to reestablish a form of social control beyond the processes of production, outside the traditional form of capital-labor mediation through the wage—which is not to say this traditional form of mediation has entirely disappeared, rather it has been supplemented by credit and state violence. The fact that state violence and credit as non-traditional corporativist structures emerge at the same time is important because the utopian promise of credit, the “equality” through consumption it promises, is highly unstable and primarily illusory. Thus, as we will see, not only is the utopia of credit one that leaves critical social relations, particularly those of social reproduction, untouched, it also requires and calls forth new forms of state violence once its shaky promises begin to fail.<sup>110</sup>

### A Nova Classe Média (Parcelada)

The debate over the social effects induced by the rise of credit in Brazil has played out through the discursive construction and contestation over a category that has been labeled, “a nova classe média.” While both real wages and state income transfers have grown since 2003, the key documents which have produced and promoted the category of the new middle class—regardless of the problems with their definition of class—depend, in ways that generally have not

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<sup>110</sup> Initially, mass credit is tipped in favor of union employees, which functions as a reinforcement of Brazil’s labor aristocracy (in the Bakunin sense), but this does not last for long. While *crédito consignado* is never formally extended to those in the informal sector, informal workers have access to credit through retail stores and through the practice of lending credit cards to friends or family members to make purchases.

been foregrounded, on the expansion of credit.<sup>111</sup> I start here in order to deconstruct this category that has received a wide projection and to demonstrate its dependence on credit expansion. While traditional approaches to the definition of economic classes are based in income, social status, or location in the relations of production, discursive constructions of the new middle class have centered on, or made space for, not only income, but the kinds of objects in a home. Thus, the idea of a new middle class has been at least partially defined—frequently without being explicitly stated—by what can be purchased with credit. It is this association of the new middle class with consumption *tout court* (occurring by wages or borrowed funds) which has carried over into the journalistic media and popular consciousness and has led to the creation of a new cultural imaginary of credit democracy.

The category of the “nova classe média” was advanced in key ways by two documents. The first was a classificatory system which began to be used by the Associação Brasileira de Empresas de Pesquisa (ABEP) and which was developed in the late 1990s (ABEP pers. comm.), known as the Critério de Classificação Econômica Brasil (CCEB) or, simply, the Critério Brasil. The Critério abandoned “a pretensão de classificar a população em termos de ‘classes sociais,’” that is through income (Associação n.p.). Instead the Critério builds classes (into the standard Brazilian system of A-E) through a point system based on consumer objects in the home and the level of education of the “chefe de família.” Here the hidden dependence on credit in the

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<sup>111</sup> I am bracketing here a larger debate about the definition of class in these works on the nova classe média, in particular the Bourdieusian and Marxist critiques they have received. For example, Brazilian sociologist Jessé Souza in *Os Batalhadores* (2012) argues, from position informed by Bourdieu, that definitions of the “nova classe média” that focus on power of consumption are economistic and as such miss the crucial spectrum of symbolic and cultural capital. Philosopher Marilena Chaui (2013) has argued, in a series of talks that have circulated widely in the Brazilian blogosphere, for a more traditionally Marxist definition of the middle class as defined by their position in the relations of production (see also Pochmann 2014). My argument with the Bourdieusian and classical Marxist positions is that they also push into the background the credit expansion, thus rendering it as invisible as in the economistic approaches.

definition of the new middle class is clear as both consumer items, and frequently education, depend on the provision of credit for purchase.

The second document, Marcelo Neri's 2010 *A Nova Classe Média: O Lado Brilhante dos Pobres* (published by the prestigious Fundação Getulio Vargas), created a classificatory system based on income in which 50.9% of the population had become by 2009 classe C, or "middle class." However, it also gave, if not analytic weight, then descriptive space to the ABEP approach of thinking of class as a function of the power of consumption (Neri 52 *passim*). While Neri's approach is based in income, it also makes room for the Critério association of class with the power of consumption.

What is important is how in the Critério, Neri's work, and the flood of popular press and journal articles that followed the publication of *A Nova Classe Média*, this new power of consumption defines a new national subject—the new middle class or classe C which now encompasses over half the population. As Neri writes, classe C "é a imagem mais próxima da sociedade brasileira" (5). The literature on the *nova classe média*, in its academic, business, and popular flavors, produces a new national subject, one not just of production (of labor, the wage, and the worker), but of finance and consumption, and, more specifically, of credit. The discursive framing of equality through consumption, which is then amplified in various mass cultural products, define a new national imaginary, not of racial democracy, but rather of what we might call "credit democracy."

### From Racial Democracy to Credit Democracy

As discussed in Chapter 2, during the 1930s and 40s, the Vargas dictatorship, like many Latin American states at the time, incorporated a theory of *mestizagem* into the formation of a

national popular culture (Alberto 9-11; Telles 177-180). While the Vargas state incorporated elements of Afro-Brazilian culture (samba, carnival, futebol, malandragem) into the foundation of Brazilian national culture, intellectuals elaborated a theory of “racial democracy,” which celebrated Brazil as a country without, or with minimal, racial discrimination. Peripheral urban areas (in particular those of Rio de Janeiro, then the national capital) occupied a contradictory place in national popular culture as they doubled as sites for racialized proletarian exclusion and national culture. This system of national integration via a “racially democratic” national culture began to break down in the 1980s and 90s for two reasons. First, the 1982 debt crisis, hyperinflation, and the implementation of neoliberal reforms meant that the Brazilian state put fewer resources into the corporatist structures which had underpinned this imaginary. Second, starting in the military dictatorship, militant black intellectuals began to question the myth of racial democracy, arguing that it was more a technique of social control used to mystify and pacify peripheral populations than an ideal that the Brazilian state was committed to realizing (Alberto 17).

With the “stabilization” of the Brazilian economy in the 2000s and the coming to power of the PT, the state began to rebuild its corporatist machinery of which, as we have seen, the provision of credit was an important part. In the discourses around the *nova classe média* we can see the beginnings of a new collective imaginary, used to fuse individuals into the nation. The imaginary that has been produced has not been a return to racial democracy, but rather what we might call credit democracy. While government-linked discourses around the *nova classe média* begin this process of articulation, it is in mass cultural production where the new subject positions and horizons of this formation have been fashioned and disseminated nationally.<sup>112</sup>

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<sup>112</sup> This is part of a larger recalibration of the state’s approach to race in this period; see Reiter and Mitchell (2010) for a window into this new environment and Joseph (2013) for a summary of the different positions in current

These cultural productions, much like the national cultural productions of the Vargas period, are overwhelmingly set in Rio de Janeiro, which continues to serve as the backdrop for the creation of national cultural imaginaries. In the following, I discuss one such production, the 2012 novela *Cheias de Charme* and its crafting of a form of credit democracy. If racial democracy was concerned with producing forms of cultural commonsense that obscured real structures of racial and class domination, the imaginary of credit democracy posits a false equality of consumption which obscures, as well, very real differences in access to goods and services as well as forms of race and class inequality that cannot be overcome by credit-based consumption. At the same time, *Cheias* reveals the imaginary of credit democracy to be an internally fragile one, as the dreams of social accession in the novela itself cannot be realized through increasing wages or credit but rather require the *deus ex machina* of pop stardom.

*Cheias de charme* tells the story of three women—Maria da Penha (Taís Araújo), Maria Aparecida (Isabelle Drummond) and Maria do Rosario (Leandra Leal)—employed as domestic workers, who form a music group “As Empreguetes” and become an overnight sensation. *Cheias*, a Globo novela, was on the air from April 16, 2012 to September 28, 2012 and while not the most successful Globo novela of the moment (that would be *Avenida Brasil*), its narrative of lower class upward mobility became a frequently cited point of reference for the changes in and debates over the new Brazilian “middle class” (Mauro and Trindade; Grijó). However, *Cheias*, more than *Avenida*, articulates the presumptions and horizon of credit democracy, in part because its plot turns around the very notion of equality and the overcoming of differences between social classes. In the novela, the lives of the three Marias are turned upside down after their self-recorded song (and video) go viral. Their accession to pop stardom makes them into the

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debates on racial democracy in Brazil. As should be clear, I think there has been an important shift away from the discursive nexus of racial democracy.

social equals of their former bosses and enables them to enact all their fantasies of consumption—during the novela they buy houses, reform them, and fill them with *electrodomésticos*.<sup>113</sup> The show then does not specifically focus on credit, but rather on the credit-form or the fantasy of equality via credit-based consumption. That is, credit exists in the background, occasionally appearing in moments of consumption, while the show itself models the fantasy of credit-enabled consumption, namely the ability to transcend or suspend one's socio-economic position. This mix of the belief in potential equality through consumption and the obscuring of structural class and race difference through their (temporary) suspension is what defines the cultural imaginary of credit democracy.

*Cheias* is a form of Latin American telenovela which has become very popular and lucrative in recent years. By making novelas that center on fictional pop groups (the Argentinean novela *Rebelde Way* was among the first in this genre), media companies have been able to add additional revenue streams, including CD and single sales of the songs made popular on the show, concert tickets, etc. While the show itself was popular, part of its wide cultural dissemination was its utilization of multiple media platforms, including the singles spun off from the show and contests in which domestic workers were invited to submit their own videos with a chance to win a guest appearance on the show. In *Cheias*, the first single from the group, “Vida de empregue,” condensed a series of cultural concerns, perceptions, and aspirations over the new middle class and credit expansion—which can be seen in part by the number of parodies and remakes the single has received in different cultural mediums, in particular on the internet video site Youtube. This single mixes references to credit-enabled consumption with class-based revenge fantasies against cruel mistresses and their vain, ungrateful offspring. In short, the song

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<sup>113</sup> In one episode (#79), Penha buys a new car (a Volkswagen) and cooks dinner uses her new kitchen while Cida dines in the same restaurant as her former employers, much to their disgust.

mixes affects resulting from structural positioning with the aspirational content of this positioning's suspension:

Todo dia acordo cedo  
Moro longe do emprego  
Quando volto do serviço quero meu sofá  
Tá sempre cheia a condução  
Eu passo pano encero o chão  
A outra vê defeito até onde não há

Queria ver a madame aqui no meu lugar  
Eu ia rir de me acabar  
Só vendo a patroinha aqui no meu lugar  
Botando a roupa pra quarar

Minha colega quis botar  
Aplique no cabelo dela  
Gastou um extra que era da parcela  
As filhas da patroa  
A nojenta e a entojada  
Só sabem explorar, não valem nada

.....

Levo vida de empreguete, eu pego às sete  
Fim de semana é salto alto e ver no que vai dar  
Um dia compro apartamento viro socialite  
Toda boa, vou com meu ficante viajar<sup>114</sup>

*Cheias* and the song “Vida” draw on academic and journalistic accounts’ framing of the rise of the *nova classe média* as a narrative of the production of equality through consumption. In the single, this equality (“compro apartamento”) is linked to the suspension of the domestics’ structural positioning (“um dia”). In the case of “Vida,” this positioning is determined by the

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<sup>114</sup> Translation: Every day I wake up early live far from my job/ When I come back I want my couch/ Bus is always full/ I mop the floor and wax/ Another sees a mistake where there’s none/ I want to see the madam here in my place/ I would die laughing/ Just seeing boss-lady here in my place/ Putting clothes in to soak/ My friend wanted to put extensions in her hair/ Spent an extra portion which was *parcelada* (credit)/ The daughters of the employer are disgusting and revolting/ They only know how to exploit and are worthless/ I live the life of an empreguete (maid)/ I’m up at seven/ On the weekend, put on high heels and see what goes down/ One day I’ll buy apartment and become a socialite/ Everything good, travelling with my lover

division of labor of social reproduction, of who does the dirty work of “passando pano” and “botando a roupa” under the arbitrary power of others.<sup>115</sup> However, credit-enabled consumption (“da parcela”) cannot realize in a tangible way all the desires forwarded by the song “Vida,” and thus the only way to make good on credit and consumption’s promises of equality is through the external device of pop music stardom. That is, even the narrative universe of *Cheias* appears to lack faith in credit’s ability to change structural conditions. This, then, is the contradictory imaginary offered by credit democracy: the belief in the possible overcoming of one’s positioning in a certain set of social relations (or the belief in equality through consumption) accompanied by the suspicion that this overcoming will only be temporary or might be impossible.<sup>116</sup>

There is a tendency for cultural objects in a moment of credit (such as *Cheias* and news reports on the “nova classe média”) to focus on those individuals whose positioning is most disadvantaged within the division of labor. Maids, cooks, and sex workers all attract attention in this moment as subjects of economic and journalistic reports: why? I would argue this is because credit promises equality but is, in fact, most adept at delivering the temporary suspension of one’s socio-economic location. Thus, the concern with figures positioned at the very low end or in the most socially degraded parts of the division of labor is driven by the impact of the suspension that can be realized there. Maids buying sofas; maids buying houses—the sudden traversal of this distance in consumptive power is a kind of sublime equality effect of credit and generates a good deal of the affective impact of *Cheias* as well as of journalistic puff pieces that

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<sup>115</sup> One thing that cannot be paid for with credit is wages. Thus, of all of the changes in Brazilian households in this period, one thing that does not change drastically is the composition of the labor of social reproduction.

<sup>116</sup> Suspicion is an affective category that seems to accompany throughout history the introduction of new financial instruments: this was the case with the introduction of paper money in Great Britain in the seventeenth and eighteenth centuries (Mary Poovey *Genres of the Credit Economy* [2008]) and early forms of credit instruments (Carl Wennerlind *Causalities of Credit: The English Financial Revolution* [2011]).

push the (false) equality of consumption. Moreover, in *Cheias* this equality effect of the credit-form affects an erasure of race: domestics in São Paulo and Rio de Janeiro are predominantly women from Afro-Brazilian backgrounds, while in *Cheias* only one is visibly marked as Afro-Brazilian (Tafs). In this way, the form of credit democracy produced in *Cheias* has the added effect of making race almost completely disappear as a problematic of Brazilian society.

The aspirational form of credit which underpins the imaginary of credit democracy presents itself as inheriting a prior socialist or social democratic imaginary of the wage as a mechanism for the redistribution of surplus. The promise of wage redistribution was not necessarily the promise of a structural change in or overthrowing of the relations of production, but it was most definitely a redistribution of wealth. Credit cannot fulfill either a function of redistribution or structural change; it can rather only deliver a temporary equality in (certain) patterns of consumption. Clearly equal consumption of refrigerators or airline tickets does not mean equal income, equal rights, or equal access to more prestigious or valuable goods (e.g., homes, education, pensions, state services or protections). However, contemporary discussions of credit in Brazil appropriate the aspirational language of previous left movements for the ends of sculpting a new national imaginary: credit is a net positive in these accounts, because it democratizes consumption and creates a more “inclusive” society. While for many years the dominant discourse of consumption (via credit) was as a form of equality or democratization, its reality, which is perhaps more tangible now, is that it is a site of extended financial exploitation.

While the state has controlled the spread of credit and the production of an environment in which consumption has been sold as a new form of equality, the state does not get to choose how this environment comes to be mediated culturally—though it has tried to influence this as much as possible. Through its promotion of discourses of the *nova classe média*, the PT state has

attempted to control the framing of credit expansion as a net positive; as we can see in *Cheias*, however, the cultural imaginary of credit and consumption has come with suspicion built into it. To the extent that state-promoted ideologies, such as racial democracy, attempt to suture real differences of race and class, such formations have always been in contradiction with the structural conditions out of which they were developed. The difference between racial democracy and the kind of credit democracy or promise of equality through credit-enabled consumption seen in *Cheias* is that the latter is a discursive form that appears to not entirely believe in itself.

#### Finance, Fragility, and Affect

While the expansion of personal credit has not received the attention it has deserved, the rise of finance as a general phenomenon has not gone entirely unremarked. The most common approach within the ambit of critical literature in Brazil, which includes the work of Robert Grün and Francisco de Oliveira (amongst others), draws on a Latin American Gramscian paradigm which sees power as constituted by control of the state by hegemonic class fractions in alliance or in competition with one another. The Gramscian argument regarding finance in Brazil is that the class fraction tied to the financial sector (which now includes union administrators) has entered into a new alliance with the governing PT party, displacing the hegemonic power bloc linked to the industrial class fraction. This approach, while grasping aspects of the transformations the rise of finance has wrought, fails to explain how this rise has been justified and its effects on social relations. In this section of the chapter, after detailing de Oliveira's arguments concerning finance, I expand on the suspicion found in the formation of credit

democracy to explain the deep-seated connection between finance and unstable affective structures.

Francisco de Oliveira's insightful and acerbic essay on the trajectory of Brazilian underdevelopment, "Duckbilled Platypus" (2003),<sup>117</sup> argues that the international position of Brazil continues to determine much of its political and social formation. Oliveira notes, however, an important change from the developmentalist period to the present; namely, the emergence of a new class, wherein "the upper layers of the old proletariat became, in part, what Robert Reich called 'symbolic analysts'. They are the administrators of the pension funds that originated in former state enterprises, of which the most powerful is Previ—the fund of the functionaries of the still state-owned Banco do Brasil" (54-5). Oliveira continues:

It is this that explains recent pragmatic convergences between the PT and the PSDB, and the apparent paradox that Lula's government is carrying out Cardoso's programme, and radicalising it. This is not a mistake, but the expression of a genuinely new social stratum, based on technicians and intellectuals doubling as bankers—the core of the PSDB; and workers become pension-fund managers—the core of the PT. What they have in common is control over access to public funds, and an insider's knowledge of the lay of the financial land. The formation of this class in the periphery of globalized capitalism—Reich's theories are essentially concerned with phenomena at the system's dynamic centre—needs closer scrutiny. For not only is there a new place for it in the system—above all in the financial sector and its mediations in the state—which satisfies one of the Marxist criteria for defining a class; there is also a new class 'experience', in Thompson's terms. (55-56)

Oliveira's analysis of finance, which is insightful and helpful in many ways, is also limited by a sociological Gramscianism which conceives of social control as operating through the formation of class fractions and their sway over elements of the state or para-statal apparatus. In this

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<sup>117</sup> In this piece, de Oliveira uses the metaphor of a duckbilled platypus (that is, of a creature who appears to blend elements which should not or traditionally do not belong together, i.e. the fur of a 'mamamal' with the bill of a duck) as an ironic description of contemporary Brazil which, so he argues, has joined classic forms of dependency with the most contemporary forms of 'casualized' labor.

approach, the effects of finance have been the creation of new sites of power and the modification of existing or production of new class relations.

What the Gramscian approach to finance misses is both the everyday ways finance's legitimacy is enacted and tested and the fragility of these enactments. This fragility is visible in the uneven ways in which individuals and groups come to express their belief in, acceptance of, or acquiescence to finance's instruments, effects, and discursive justifications. Finance is able to legitimate itself, not because unions move into control of pension funds—although this is an important transformation—but through the kinds of feelings it effects or through the affects that it conjures, both pleasurable and contradictory. What this means is that there is a special relation between finance and affect and that a great deal of finance's acceptance as a form of governance and a form of social relation, depends on the “animal spirits” of affect. Finance is a fragile construction because its effects last only as long as the flows of credit last, and these moments of calling to account are its moments of fracture and failure. Affect, then, is central to both the experience of finance and how finance secures the compliance or belief of individuals and shapes new social relations.

Affect emerged as a topic of critical discussion in the early to mid-1990s, and since then scholars have produced genealogies of a set of linked, yet distinct, philosophical and cultural discussions of affect and emotion ranging from Heidegger's *stimmung* (mood), Spinoza's affect, and Benjamin's theory of emotion. In my approach to the relation between finance and affect, I draw on two bodies of work: Deleuze and Guattari's rearticulation of Spinoza's concept of affect and Raymond Williams' notion of a structure of feeling. From Deleuze and Guattari, I take the idea of affect as, above all, social and from Williams a sense of a structure of feeling as diagnostic.

Deleuze and Guattari's notion of affect—as developed in *A Thousand Plateaus*—is based in the Spinozian conception of power (*puissance*) as the ability of one body to affect or be affected by another. As such, affect is always social, a relation between bodies and groups. As they write: “Affect is the active discharge of emotion, the counterattack...affects are projectiles just like weapons; feelings are introspective like tools” (400). Affect is then also associated with the transition from one state of being to another—“affects are becomings” as they write also in *A Thousand Plateaus*. However, Deleuze and Guattari maintain as well a distinction between affect and emotion (or feeling): affects are generally seen as pre-individual and mobile, while emotions are individual and result from the capture of affect by a given system of inscription or representation.

Raymond Williams' notion of a “structure of feeling” shares with Deleuze and Guattari's theory of affect an emphasis on the transitional. Williams opposes structures of feeling to ideologies and institutions, arguing that structures of feeling are more transitory. A structure of feeling can anticipate the formation of a new ideological structure, but that doesn't always have to be the case. As Williams writes in *Marxism and Literature*—and note that his example here is of a structure of feeling tied to finance (specifically poverty caused by debt and the inability to inherit wealth):

Early Victorian ideology, for example, specified the exposure caused by poverty or by debt or by illegitimacy as social failure or deviation; the contemporary structure of feeling, meanwhile, in the new semantic figures of Dickens, of Emily Brontë, and others, specified exposure and isolation as a general condition, and poverty, debt, or illegitimacy as its connecting instances. An alternative ideology, relating such exposure to the nature of the social order, was only later generally formed: offering explanations but now at a reduced tension: the social explanation fully admitted, the intensity of experienced fear and shame now dispersed and generalized. (134)

As Heather Love has emphasized, structures of feeling are, in this way, diagnostic: “For Williams, the primary value of feeling in this essay is diagnostic. In paying attention to things like tone, dress and habit, one may discover ‘social experiences in solution.’ It is possible to detect impulses that are not yet organized as movements; we can understand and respond to a historical moment that is not yet fully articulated in institutions as the dominant mode of existence” (12). The fragility or instability of finance calls for constant diagnosis and justification: against the creeping sense that all that glitters is not gold, new forms of proof or explanation are called forth.

Affect and structures of feeling then are, in a sense, what finance traffics in—finance is never long lasting, but rather, especially in the contemporary period, a crisis waiting to happen, as one asset bubble follows upon another. In this section, my aim will be to combine Deleuze and Guattari’s notion of affect as what is shared on a pre-individual, social level with Williams’ sense of a structure of feeling as diagnostic. I want to hold on the mobile, transitory nature of affect while combining it with the periodizing or analytical impulse of Williams. What I will argue is the affective structure specific to finance in Brazil does not lead to a new, fully formed ideological formation, rather it is a temporary structure which takes the shape of a form of anticipation or projection. Moreover, I will argue that finance, due to the fragility of its social formations and inability to sustain itself, operates primarily in this transitory, affective register.

Affective structures sit on the border or mediate between the psychic and social, between the individual and society.<sup>118</sup> The affective structure of Brazilian finance, which I call projection,

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<sup>118</sup> For example, Sianne Ngai has argued that this bridging of the subjective and objective is inherent in emotion or feeling: “Confusion about feeling’s objective or subjective status becomes inherent to the feeling. Our readings of the Bartlebyan moments of inaction highlighted above have thus prepared us for a crucial reversal of the familiar idea that vehement emotions—in particular, the strongly intentional or object-directed emotions in the philosophical canon, such as jealousy, anger, and fear—destabilize our sense of the boundary between the psyche and the world, or between subjective and objective reality. In contrast, my argument is that a systematic problematization of the distinction between subjective and objective enunciation lies at the heart of the Bartlebyan feelings in this book—

takes a variety of different forms: a social relation, an epistemological mode, and a loosely groupal assessment of the “state of things.” It is in this opening onto the future, in its promise or projection, that finance secures its temporary (suspicion inducing) legitimacy by being put into practice, by shaping social relations, appraisals, and knowing. Neither merely the objective space of class fractions contesting for power, nor that of capital’s colonization of subjectivity, finance’s form straddles the psychic and social.

The expansion of finance has passed through three relays into the everyday social world of Brazil: personal credit, the shift of corporations to capitalization (and thus entry of global capital) via the stock market, and a state-sponsored real estate and infrastructural boom. In the following, I trace one example of how the expansion of finance in each of these relays of financialization has been accompanied by a refraction of finance’s projective affective structure. In so doing, I draw on a corpus of recent financial, sociological, and journalistic writing to read these pieces (occasionally against the grain) for the fleeting glimpse they give us of finance’s projective affective structure.

**Post-Dating, or Social Relations of Credit.** In 2006, Larissa Pelúcio’s talk at the 12<sup>th</sup> Congresso Brasileiro de Sociologia discussed a phenomenon that had emerged in 2005, early in the expansion of personal credit in Brazil, where straight men who frequented travesti sex workers (self-identified as “t lovers”) began organizing “t days”—days of celebration of travestis.<sup>119</sup>

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minor affects that are far less intentional or object-directed, and thus more likely to produce political and aesthetic ambiguities, than the passions in the philosophical canon. For just as the question of whether one’s paranoia is subjective or objective is internal to paranoia, the historically feminized and proletarianized emotion of envy has another version of this problematic at its core” (*Ugly Feelings* 20-21).

<sup>119</sup> “Sexualidade, gênero e masculinidade no mundo dos t-lovers: a construção da identidade de um grupo de homens que se relacionam com travestis.” Travesti is the Brazilian popular word and category for defining men who have undertaken feminine bodily transformations, especially by hormones and silicone, but who have not done male-to-female genital surgery. Therefore they cannot be confounded with transsexuals, who have undergone sex change surgery (in the Brazilian typology, see for example Silva [1993], Kulíck [1998], and Pelúcio [2009]). In

These days, however, had one curious rule: economic transactions were forbidden.<sup>120</sup> As Pelúcio narrates, a loose knit group of “aficionados,” frequenters of the t lover blogosphere and chat boards, started organizing days, in both Rio and São Paulo, where they would gather at a t girl watering hole, usually frequented by pimps, girls and their clientele for the purposes of business, in order to have a day celebrating the t girls as “muses.” The rules, for the São Paulo gathering were very strict, no touching the girls, no lewd talk, and the days had the stated aim of passing an evening or several hours in pleasant, albeit perhaps strained, conversation. Pelúcio’s talk recounts how many of the travestis only showed up to get a photo so that it would be posted on the blog (as a form of advertising) and then left.

These events appear as an attempt to open a different space for social relations, but one that is created not from an overthrowing of the hierarchies of sex work and the economic exploitation, but rather from their momentary cancellation or postponement. That is, the t days are a space of social relations generated by a temporary post-dating of relations of exchange and the money-form (buying of services) wherein the “celebration,” which is an idealization, takes its semantic force from its momentary displacement from the prior conditions of a social relation

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Brazilian political groups, transsexuals and transvestites are frequently distinguished as separate groups, hence the increasing use of the term “GLBTT” (Gay, Lesbian, Bisexual, Transvestite, and Transsexual) rather than the acronym most familiar in the United States, “LGBT”(Lesbian, Gay, Bisexual, and Transgender), where “transgender” is used as an umbrella term. Travestis we could say are formed at the intersection of three regimes: first, a mechanics of the body, hormones and silicone, with a directionality towards certain standards of femininity as well as decisions or not regarding sexual reassignment surgery; second, a self-differentiation from both gay men (Silva 1995) and the self-identified “heterosexual” men who seek their company via “working-relationships”; and third, at the intersection or layering of a traditional passive/active discursive system and a “modern” gay or queer one.

<sup>120</sup> Since 2004-5, with the spread of the internet more and more into daily life in Brazil’s large cities, a new identity has begun to be constructed among groups of men across blog and chat rooms centered around travesti and the men who “love” them, that of the t-lover. The term t-lover is derived from the US term t-girl, however in Brazil the term t lover is strictly linked to heteronormativity and the term works in some ways as a means of shoring up a masculine identity, not queer, but rather t lover, in the face of the spread of LGBT ideas within Brazil. A brief survey of the primary blogs and chat rooms and conversations that are occurring between these men reveals that the vast majority identify as heterosexual (in studies 97.5% identify as heterosexual) with a small minority (in the t lover blogosphere) seem to have some sympathy for GLBT rights or at least a queer approach to sexual identities (Pelúcio n.p.). The blogs and chatrooms are used to share experiences, maintain lists of girls who do or don't perform services promised (the lista negra), and trade ethnographic information on spaces, policing, and habits (Pelúcio n.p.).

mediated through exchange (but not complete break from, which would be a politics). What we have then is a trading in or up for an idealization: the muse, the celebration not of t girls in and of themselves, but a celebration and an eroticization of a momentary departure from the conditions of “real” existence, a celebration of the very power to defer for a moment economic realities, to post-date or project them into a different version of the present—which is a celebration of the power of mental action to defer, post-date or project beyond the economic structuring of everyday life.

This celebration of the post-dating of economics is not confined to the straight male organizers of the t days, but rather can be seen in the general mediatic and cultural positioning of travestis in the last decade. In Brazil, an estimated 80-90% of travestis make their livelihood via or are connected in some way with sex work. However, in the last several years these same travestis have converted into the glamorous face of (to some extent) carnival and (to a large extent) Brazilian gay pride (whose São Paulo incarnation has grown to be the largest gay pride parade in the world). Some general indexes of this shift: If one does a casual search for example of images of “Brazilian gay pride” or looks up “Gay Rights in Brazil” on Wikipedia a disproportionate number of the photos either “representating” gay pride or representing gay life in Brazil are of travestis; not of women and men working the street but rather images with a certain level of glamorous anesthetization, a kind of high gloss perfection. We have a gap then between two kinds of lived experience: one defined by a set of economic relations or a structural determination, and the other an image, an aspirational anesthetization or eroticization, a celebration of the postponement of economic structure. In other words, we have a gap between the ethnographic realities of travesti life in Brazil which focus on illness, violence, poorly paid sex work, physical problems resulting from silicone injections and a spectacular suspension of

these conditions in the circulation of images of a third sex, a perfection of the codes of femininity in a predominantly gay male context in the case of *Pride* or heterosexual context in the case of *Carnival*.

As we have seen earlier in this chapter, Brazil, beginning in 2003, has witnessed a massive expansion of its credit economy and of the resources flowing into personal credit. In the example of the t days and the general positioning of travestis, we can see that the spread of credit has made possible a new form of social relations producing not a market-based sociality that one would expect of neoliberalism but rather by shading social relations with an projective affective structure, that of the post-dating of the economic structuring of everyday life.

Credit, as Joshua Clover and Annie McClanahan have argued, is best understood as a claim upon future wages (“Investing in the Future” 90; “Value, theory, crisis” 110). That is, the post-dating or projection of credit is built into its very structure as an economic instrument. Credit is not speculation; rather credit is a claim upon future earnings, a form of extraction that extends the process of extraction beyond the present and into the future. Thus, the very form of this projection is inherent in credit as a modality or instrument. And this form is what structures the generalized celebration of a particular image of travesti visibility in contemporary Brazil: the social form of credit yields a pleasure in abstracting from the economic structuring of everyday life, a pleasure of projecting a different version of the present, one in which its underlying economic form is deferred.

**Eike, Projection, and Speculation.** One of the defining features of finance in Brazil has been its positioning as a sink for excess global capital flows, in particular after the 2008 financial crisis in Northern Atlantic countries. Brazil avoided the effects of this crisis by doubling down

on credit and finance—massively increasing the amount of capital and credit flows in different sectors of the economy—and this was possible, in part, because money that had been invested in North Atlantic stock, housing, and personal credit instruments was searching for new, non-crisis ridden sites for investment. One of those sites became the Brazilian stock market. In 2007, the Brazilian stock exchange was home to IPOs<sup>121</sup> totaling R\$ 26 billion (Spinetto and Levin n.p.). In 2006 and 2007 alone, Brazilian companies, through IPOs and debt issuances, raised more capital than they had in the previous twenty years combined (Forbes n.p.).

No figure was more representative of this period of Brazilian finance-led capitalism than Eike Batista. Between 2005 and 2012, Eike’s EBX group of companies captured US\$ 26 billion in funding, primarily through the Bovespa, the Brazilian stock exchange. As a result, Eike’s net worth, tied to his ownership of various EBX companies’ stock, soared to US\$ 30 billion, making him the seventh wealthiest person in the world, and led him to state his ambition to overtake Bill Gates at the top of that list. Today, after the collapse of his companies’ stock prices, Eike is Brazil’s first “negative billionaire,” with a net worth of US\$ -1 billion.

One way that Eike’s story has been read is as an exemplary case of hubris or as a cautionary tale—Eike’s own reading was that he was the victim of “bad luck.” However, these kinds of readings can’t explain why people once believed Eike’s companies were, in fact, worth investing their money in, nor how stock market inflows and global pressure to find profitable sites of investment, came to be seen as the doorway to a different economic future in Brazil. To do this, we have to name the affective structure which accompanied Eike’s rise and fall.

Eike’s empire was centered on the petroleum extraction company OGX. The company was created in 2007 and captured US\$ 1.7 billion through a private offering of shares. Its IPO—

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<sup>121</sup> IPO is short for “initial public offering” which refers to the first time a company sells shares in itself on a stock exchange. This process is also known as “going public” or opening a company to outside investors.

the largest in the history of Brazilian market—in 2008 captured another US\$ 4.1 billion. All this before the company had produced a single drop of oil. As Batista relates in his 2011 memoir cum business self-help guide, *O X da Questão*, there was so much demand for OGX that another US\$ 40 billion was invested (122). Eike’s empire crumbled when drilling began...and it was revealed that OGX’s projections of the amount of oil they would be able to extract were incorrect.<sup>122</sup> In 2010, OGX was worth R\$ 74 billion, by April 2013 it had lost 94% of its value (Magnoli n.p.).

It would be possible to simply say Eike is representative of the speculative impulse of financialized capitalism, but such a critique would be both too easy and would miss the specific form of legitimation or belief underpinning Eike’s rise, which concerns the ability to project. In *O X da Questão*, Eike writes:

A constatação de que a atividade de exploração e produção no Brasil ostenta taxa de êxito de 50%, enquanto a média mundial não ultrapasa 18%, me chamou atenção para as possibilidades de empreender em território nacional. Ou seja, eu teria três vezes mais chances de encontrar petróleo por aqui do que teve meu colega americano um século atrás. Se o negócio já era fantástico com apenas 18% de possibilidade, ele certamente seria espetacular com 50%. (121)<sup>123</sup>

Projected production is not actual production. So in fact what people were investing in was a possible future.<sup>124</sup> This is what happens when there is an excess of capital and fewer and fewer sites of investment capable of producing returns—people begin to bet on the future, on

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<sup>122</sup> Malu Gaspar’s *Tudo ou Nada: Eike Batista e a verdadeira história do grupo X* (2014) intimates that these estimates were known inside OGX to be over-estimates, see p. 255 for example.

<sup>123</sup> Translation: The fact that exploration activity and production in Brazil had a success rate of 50%, while the global average was only 18%, called my attention to the possibilities of undertaking in the country. That is, I would have three times more chances of finding oil here than my American colleagues might have had a century ago. If the business was already fantastic with only 18% chance, it would certainly be spectacular with 50%.

<sup>124</sup> The value of OGX stock was driven by a similar structure—that of projection, of estimation or probability. It was in June 2012 that OGX released their first statement lowering the projected production in their highly valued Tubarão Azul (Waimea) site, from 20,000 to 5,000 barrels per day. Announced on June 26, OGX stock price fell 25.32% (*Globo*, “Antes presença” n.p.).

probability, on predictions. What is important to note, however, is that this is not just pure fantasy or speculation as frequently is intimated in some “critical” literature.<sup>125</sup>

The structure is more precise, in that it is not just any kind of company that underwent a spectacular rise and fall, but an oil company. And what is specific to oil (and real estate) companies and what makes them the sites for asset bubbles in moments of finance is that they possess “reserves” or “land banks.” In both oil and real estate companies, their primary asset, besides the actual homes or barrels of oil they sell, are these pieces of territory that they have bought but have not yet exploited. A land bank or set of territorial reserves are the location of future value production in their industries—but their value is always only a projection. This then is the specific form that OGX and Eike sold: not entirely a fantasy but rather a projection linked to material conditions but one that would be verified only in the future. “Our initial estimates were incorrect...” is a statement one cannot make about an assembly line where all variables and inputs are more or less known. What makes possible the production of billions of dollars of investment in a company that has produced nothing, is, one, an excess of capital in global markets, and, two, the mental action of projection and its associated forms of anticipation. The inflection of finance’s projective affective structure as it passes through the lens of the stock market is projection as a means of producing anticipatory knowledge of unknown future value. It is not that finance is entirely speculative, that its promises and projections are completely arbitrary and disconnected from the real economy, but rather its specific form is that certain

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<sup>125</sup> Historically, moments of financialization have been accompanied by similar projective or anticipatory mental forms, which do not fully break with a rootedness in a certain set of material conditions, despite their projective nature. For example, the first royal bankruptcy in Spain in 1557, as Elvira Vilches notes, produced a new genre of economic writing which shifted from explaining the problems of inflation and “obscurities of credit” (221) via moral economy to attempting to solve them through fantastical policy measures. Many of which involved figuring out ways to increase taxes or construct elaborate (and often “hair-brained”) measures for preventing bullion from leaving the country. Adam Smith, in *Wealth of Nations*, devotes a long section to a critique of British “projectors”: stock market operators who used credit schemes to buy stock and to drive up stock prices. Both are examples of a kind of epistemology of projection or anticipation made possible in a moment of finance’s rise.

conditions can be misread, mis-projected into the future, as an inflection of an affective structure of projective anticipation.

**PACs and Contradictory Waiting.** Starting in 2007, and continuing in the aftermath of the 2008 financial crisis, the Lula government released a massive amount of credit into the financial system and used its control of development and public banks to inject capital into industrial sectors, in particular the construction sector. This was done through two instruments. The first was through the Programa de Aceleração do Crescimento (PAC) which aimed to release R\$ 619 bn into the Brazilian economy between 2007-2010, primarily into infrastructural projects (Jardim, “A construção” 172). The second was through the Minha Casa, Minha Vida program, begun in 2009, which set aside R\$ 34 bn for housing construction primarily aimed at low or middle class sectors of the housing market (Jardim, “A construção” 174).<sup>126</sup>

In an article written in 2012, “Waiting in the Ruins: The Aesthetics and Politics of Favela Urbanization in ‘PACification’ Rio de Janeiro,” Mariana Cavalcanti describes how PAC program funding has been used to remake the urban landscape of Rio, in particular in the run up to the Copa and Olympic games. The article explains how PAC funds have been used for highly visible infrastructural projects (such as the Rocinha pedestrian overpass or the Alemão cable car) which, Cavalcanti argues, create the spectacle of (as opposed to real) integration of favela and formal city. In the latter half of the article, she examines PAC building projects in the Manginhos region of Rio, concluding that many of them (for example, the housing condominiums) are poorly built and have quickly descended, like many other prior favela urbanization projects, into ruins. These new urbanization projects, as well as the UPP, the new

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<sup>126</sup> However, by 2010 only 10% of PAC projects had been completed, and 62% had not yet started (*Globo*, “Menos de” n.p.). In 2010, President Dilma announced PAC-2 which would aim to distribute R\$ 1.59 trillion between 2011-2014 (*UOL* n.p.).

public security project of placing police stations in informal areas, have been heralded as a return of the state to the informal areas of Rio. Cavalcanti complicates this perception and concludes her piece by describing residents' "sense of waiting." She writes:

Manguinhos residents share a tacit sense of waiting for something to happen. Signs of change seem to be closing in on them. As the remote effects of the UPP program entwine with the transformation in the physical landscape of Manguinhos, the sense that a rupture is looming on the horizon colors the imaginations of residents. And yet on a daily level, these changes end up being experienced as an intensification of what is already known...The sense of imminent change itself has, moreover, endured for over three years, thus becoming yet another contradictory part of daily life itself. (110)

Change (PAC construction, UPP implantation) appears to be occurring all around the residents, but these changes result in merely an "intensification" of the known (i.e., ruins). Moreover, this sensation of pending change or of the anticipation of change has endured now for over three years, which marks the period from the beginning of PAC construction in Manguinhos (2009) to the writing of Cavalcanti's article (2012). Cavalcanti describes a contradictory sensation of waiting, which represents what we might call a form of collective assessment or judgment on the part of residents as to the possibility of an anticipated change's arrival. Here finance's projective affective structure is refracted through a form of collective or group assessment and the contradictory nature of this assessment is a measure of this structure's fragility.

Jumping ahead three years to the present day, we can find, also in Manguinhos, another example of the legacy of this anticipatory form—but now in the fading of finance's power. In 2008, the periodical *EXTRA* published what was to become a celebrated photo on its front page of a young boy, Christiano Pereira, "swimming" in drainage from Cedae, Rio's water and sewage utility. Then President Lula, moved by the photo, promised as a part of the PAC program to build a swimming pool for Christiano, whose dream, reported by the news media, was to be a professional swimmer. When Lula came to Manguinhos in 2008 to inaugurate several of the

PAC works, including a swimming pool, there were multiple photo-ops of Lula and Christiano together which were passed on by traditional media and spread across social media. In July of 2015, Christiano, now 15 years old, passed away in mysterious circumstances, which many news outlets took as an opportunity to update Christiano's story and that of the impact of the PAC on Manguinhos. *EXTRA* was most direct: "Christiano foi o símbolo da esperança num futuro que nunca se concretizou" (Oliveira, "Dilma é" n.p.).<sup>127</sup> Many of the PAC works, including the pool, are now abandoned. Instead of a contradictory waiting whose outcome is still undecided, here we have an assessment that the projected future never materialized. The anticipatory feeling produced by the spread of finance-enabled PAC construction was temporary. What this projective affective structure leaves in its wake is a more long-lasting one, namely that of failed and disappointed hopes, an affective structure for which there is no quick or easy resolution.

Finance produces a projective affective structure, which has received a refraction through each of the primary sites of finance's entry into Brazil. In this affective structure, an initial pleasure at or permitting of projection fades, once the financial boom begins to weaken, into suspicion, complaint, and resentment. Finance's projective affective structure is fragile in that its promises and propositions never seem entirely convincing; that its anticipations always require a partial suspension of belief; that its post-dating of economic realities always feel a bit too easy. Because of this incompleteness or instability, finance's legitimation through feeling has to be supplemented with state violence once its crisis begins to shake out. This is the importance of focusing on feeling—in contradistinction to the arguments of Oliveira—for only by focusing on the fragility of finance's affective structure can we account for the political forms that have emerged in its wake.

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<sup>127</sup> Translation: Christiano was a symbol of hope of a future that was never realized (concretized).

This is nowhere more apparent than in the interpretations and analyses of the June-October 2013 wave of protests that swept across Brazil.<sup>128</sup> Generally speaking, two interpretations of the political subject of this sequence have been common: the first, sees the protests as the result of the “new middle class” making greater demands upon the state, coming into political subjecthood as it were, while the second sees the protests as the result of a generally naïve, politically inexperienced individuals (which can be seen in their “apolitical” demands), individuals who are potentially easily led astray by the right.<sup>129</sup> However, neither of these interpretations takes into account the spread of personal credit and finance and the fragile formations of credit democracy and projective feeling across Brazilian society in the last decade. Most importantly, both positions mis-interpret the meaning of the demands that circulated in the streets during those months: namely calls for better health, education, and infrastructure. These were not naïve demands of the politically inept or “newly” middle class, but rather demands that recognized the fragility of the financial boom underpinning state policies of the last decade. The calls for infrastructure and public services represents a call for the state to materialize something solid, something that would endure out of the immaterial bubble of credit that it had inflated for a decade. They are demands that emerge out of the down slope of finance’s affective structure, of a

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<sup>128</sup> In June and October 2013, millions of Brazilians took to the streets in hundreds of cities across Brazil. The manifestations were sparked by a series of protests in São Paulo against the hiking of the transit fare, protests which had been brutally and very visibly repressed by security forces. At first, the nation-wide marches were called in support of the São Paulo transit fare movement but these larger, nation-wide marches articulated a very wide ranging set of concerns.

<sup>129</sup> André Singer makes a version of the first argument, arguing that the center of the protests were “post-materialists”: “in the sense used by Ronald Inglehart: as societies gradually resolve their material problems, values change, shifting from an emphasis on ‘economic and physical security’ to one on ‘self-expression and quality of life’. This is a trans-generational process that takes place as those already socialized in a middle-class milieu, free from the material burdens of previous generations, become the majority, producing a sea-change in their manner of political engagement” (34). An example of the second position would be Marcos Del Roio’s “Que Crise é esta?” which argues that the “manifestações foram a demonstração de uma subjetividade social fraturada. Críticas e reivindicações de toda ordem tiveram desafogo: contra a corrupção, contra os partidos, contra os políticos, mas em favor dos direitos sociais. Era clara a expressão de crise de representatividade... As massas mobilizadas sem direção, sem projeto, tendiam a se bifurcar em duas direções: uma minoria mais à esquerda que clamava por direitos e uma maioria liberal conservadora, que incluiu grupos fascistas e que desde então passaram a ofensiva” (1).

moment in which the realization that the projections and promises of finance were more *faux* than firm, and in which the sensation of contradictory anticipation has been resolved into resentment and frustration.

In “Lula in the Labyrinth” (2006), which continues his analysis of the rise of the PT, Francisco de Oliveira argues that contemporary Brazil is marked by “a novel combination of neo-populism and party stratification, shored up by social-liberal handouts, on the one hand, and government graft, on the other,” which “has helped to forge a new form of class rule in Brazil that could be characterized as ‘hegemony in reverse’” (5). Oliveira, revisiting his earlier analysis, compares Lula’s Brazil to a duck-billed platypus, combining “external dependency with casualized labour, truncated accumulation with an unremittingly inegalitarian social order; despite thirty years of democratization” (10). In Oliveira’s opinion, this new social class—a social class with access to and control over public funds—has not been able to unify the bourgeois, leading to “hegemony in reverse”—wherein the oppressed masses appear to gain moral leadership of a society (via the PT’s election) but in fact what their ascension to power makes possible is a more rapacious form of capitalist accumulation.

Here is where Oliveira’s analysis and Gramscian or sociological readings of finance in general are mistaken. There is no hegemony (in reverse), in part, because the means of control utilized in the last decade have been not those of hegemonic politics, but rather failed financial corporativism and a fragile affective structure of projection. As such, it is not surprising that the first political form of the end of the credit bubble was a call for the government, which had profited so handsomely from the boom, to produce something other than financialized forms of exploitation (housing debt, crédito consignado, public debt from unfinished infrastructure projects, etc). Throughout the fall of 2013 the PT’s position, as well as the meaninglessness of

hegemony arguments, became clear: there was much talk of proposals and listening to the movements, but no money—the coffers are empty and the cost of borrowing more too high. There was nothing left to give, no more projection, no more credit; all that remains now is repossession and repression.

### The Anti-Subjects of Credit

The third level, beyond failed financial corporativism and unstable feeling, on which finance has worked in Brazil is on the level of the subject. In *Discipline and Punish*, Foucault discusses modern disciplinary procedures as producing the “modern soul” (23). With the rise of disciplinary apparatuses and institutions of enclosure, disciplinary techniques like imprisonment came to reform the soul instead of punishing the body. They did so, however, through a complex set of processes aimed at the body; which Foucault describes as the art of distributions (placing bodies in enclosed, portioned spaces), the control of activity (of time and gesture), the organization of “geneses” (various forms of training), and the composition of forces (tactically combining individual bodies into larger “machines”). All these are operations on a body, but they also give rise to the subject’s interiority, its “soul.”<sup>130</sup>

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<sup>130</sup> In this chapter and in chapter 4 where I discuss the subject again, my understanding of the subject will be drawn from the work of Foucault. For Foucault, the subject is historically produced as an interiority. In his later work, such as *History of Sexuality, vol. 1*, Foucault tracks how the Christian device of confession is secularized by the modern state and human sciences to produce a modern subject open to regulation by the state and these sciences. As Robert Strozier notes, in Foucault, “[t]he subject produced is a subject of knowledge: self-inquiry and confession in the modern era always led to knowledge, both in the local, individualizing form and larger institutional forms” (151). This understanding of the subject is present throughout Foucault’s work, and for Foucault this interiority is both “real” and ideological. For example, in *Discipline and Punish* he writes:

It would be wrong to say that the soul is an illusion, or an ideological effect. On the contrary, it exists, it has a reality, it is produced permanently around, on, without the body by the functioning of a power that is exercised on those punished—and, in a more general way, on those one supervises, trains and corrects. . . . This is the historical reality of this soul, which, unlike the soul represented by Christian theology, is not born in sin and subject to punishment, but is born rather out of methods of punishment, supervision and constraint. (29)

If the subject as we have known it since the seventeenth century has been created by “subject[ion] to someone else by control and dependence” and through the production of “a conscience or self-knowledge” (“The Subject” 781), the specific environment of credit expansion has required a shift in this apparatus, from a concern with monitoring the interiority of individuals to turning the subject into a pass-thru or gateway to an asset. That is, in the moment of personal credit, the state has become less concerned with the “souls” or interiority of individuals and has instead prepared a legal environment in which the subject serves as a gateway for repossessing or seizing assets and income. As we will see below, this legal environment, which exposes individuals to state violence in new ways, was a necessary requirement for the expansion of personal credit in Brazil.

This approach to the subject and credit differs from what has been so far the most in-depth work on the relation between the subject and finance (in this case, debt), Maurizio Lazzarato’s *The Making of the Indebted Man* (2012), which tracks the asymmetry of power inherent in debt (and from which other post-workerist authors draw their arguments). Drawing on a rich philosophical tradition of thinking on debt (including Nietzsche, Marx, and Deleuze and Guattari), Lazzarato makes an argument for debt and debtor-creditor relationships as the “archetype of social relations.” For Lazzarato, making debt the archetype of social relations means society is based in “an asymmetry of power and not on that of a commercial exchange that implies and presupposes equality” (33). Debt implies the production of a subject who secularizes Christian guilt, promising to repay and to keep his or her promises (164).

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I deploy this understanding of the subject as a produced interiority in order to highlight how this technique of control begins to fade with the expansion of credit in Brazil. What I am particularly interested in is how states in moments of finance appear less interested in tracking, policing, regulating, and cataloging the interior states of their “subjects.” I will use, here and again in chapter 4, the phrase “hollowing out” to refer to the de-emphasizing of secularized confessional modes of control in the financialized present.

My position is that credit, in general, but also specifically in the way it has been massified in Brazil, represents less a social relation of obligation and more a new commitment on the part of the state to use or allow violence to seize assets and to defend a narrower definition of property and collateral. That is, credit is not merely a social relation but requires a new social environment, one which blends very specific legal characteristics and public security institutions and apparatuses. To “convince” banks to lend to individuals has required giving them the ability, authority, and means to repossess whatever the credit was used to purchase, to seize future income, and/or the assets posted as collateral. In short, credit requires the readying of a legal environment where repossession is swift and difficult to contest and in which the state or parastate forces signal their readiness to do or support the work of repossession and to defend intensified notions of private property. In this way, credit represents an important site of imbrication between the militarized security state and the financial corporativist state. This legal environment, due to new linkages between repressive and institutional state apparatuses, produces, not subjects with “modern souls,” but rather subjects whose interiority is no longer of great concern and who serve, within the social relations of credit, primarily as a pass-thru or gateway to assets to be seized.

The readying of this social environment and the armed force necessary to sustain it can be described as the new security logic of credit. To take one potential example among many: Ana Carla A. Costa and Joao M. P. De Mello in “Judicial Risk and Credit Market Performance: Micro Evidence from Brazilian Payroll Loans” (2006) present the argument for the necessity of this new environment:

In recent years, the literature has built a near consensus that ‘sound’ institutions are congenial to good economic performance (North 1994). Institutions, insofar as they determine the economic environment agents operate in, should be important for explaining economic outcomes. Quite often, the specific mechanism through which

institutions influence economic performance is protection from expropriation. In environments in which expropriation is likely, agents underinvest (from a social perspective) relative to more secure ones. In the end, a plethora of suboptimal micro-economic decisions amount to a poorer aggregate economic performance. (156)

The environment that must be created then is one in which *lenders* are protected “from expropriation.” The legal framework of repossession and bankruptcy was the subject of a great deal of change in the early 2000s in Brazil: repossession was facilitated, bankruptcy made less complicated and certain kinds of creditors given priority over others, and *crédito consignado*’s practice of using future income as collateral was defended by the state in court (Ferreira 13).<sup>131</sup> The central aim of these changes was making the repossession and resell of assets easier and this was done, primarily, by removing rights and legal remedies from debtors. Before these changes, the general legal framework governing the repossession of collateral was that creditors could repossess but could not resell until debtors had exhausted a series of legal and juridical measures.

The argument advanced by policy makers and bankers was that making repossession easier and allowing payments to be deducted directly from individuals’ income (which we might call by the less uplifting term of *wage or income garnishment*) would allow lenders to deepen credit markets by lending to more risky individuals. This type of argument is laid out in detail in Juliano Assunção, Efraim Benmelech, and Fernando S. S. Silva’s “Repossession and the Democratization of Credit” (2013). The authors analyze the changes to repossession law and the market for auto loans, echoing a theoretical stance that proliferated throughout the mainstream economic literature and popular media in these years, that changing the nature of “property” by making it more available to seizure was in fact a form of “democratization,” understood as increasing access to the equality of consumption offered by credit. As they write:

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<sup>131</sup> Going into the specifics of these different legal histories would take us too far afield here. For auto loans see Assunção, Benmelech, and Silva (2013); for housing see Sanfelici (2013); for *consignado* see De Mello and Garcia (2012); and for the hierarchy of creditors in bankruptcy see Araujo, Ferreira, and Funchal (2012).

Our evidence suggests that the legal change has led to larger loans with lower spreads, longer maturities, and higher leverage. It has also brought about a “democratization” of credit, enabling riskier, low-income borrowers to obtain loans and purchase newer, more expensive cars. Although the credit reform has improved access to credit by expanding credit to riskier borrowers, it has also led to increased incidences of default and repossession. In sum, this article provides evidence on the consequences of a credit reform, highlighting the crucial role that collateral plays in credit markets. (19)

These kinds of changes in repossession and bankruptcy laws reframed both the importance of private property and the legal understanding of ownership. Generally speaking, property becomes much less “private,” much more fungible and easier to seize, and the importance of repossession as something fundamental to upholding the existing social order becomes much more pronounced. If credit forms a part of the post-dictatorship process of democratization, and a key part of extending credit is the easy repossession and the direct seizure of income which drives profits up, then the state and para-state agencies who enforce these laws have a mandate to effect seizures using whatever means necessary. Property, the more it becomes discursively associated with democracy, becomes increasingly sacred—to the extent that upholding property rights becomes a part of upholding the very institutions of democracy.<sup>132</sup>

In Althusser’s famous Ideological State Apparatus essay, he initially argues that there is a dialectical relation between the repressive and institutional state apparatuses (RSAs and ISAs, respectively). However, over the course of the essay it becomes clear that, like most theorists in the moment of mass democracy or the welfare state, Althusser is most interested in the ISAs, in particular in those used to impose and inculcate ideology (indeed the ISA essay was born out of a

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<sup>132</sup> In what is one example of many, on May 30, 2013 Federal Police in Matta Grosso do Sul, acting on a judge’s orders, evicted a group of Terena Indians from a plot of land they had occupied and in the process shot and killed Oziel Gabriel, 35. The death generated a brief moment of political intrigue when ministro-chefe da Secretaria-Geral (roughly the Secretary of State) Gilberto Carvalho claimed that President Dilma thought the police should not have acted on the repossession order. Dilma was forced to publicly address the controversy and to disagree with Carvalho. She stated in her response: “We comply with the law and we think the law is not something that people can say ‘I don’t like this one, I like that one.’ It’s not like this. Everybody in this country abides by the law. From the President of the Republic to the baby that has just been born” (*Folha* n.p.).

larger project on the French school system that had been abandoned). Foucault's genealogical analysis of regimes of repressive sovereign, disciplinary, and biopolitical power breaks with Althusser's emphasis on ideology, in part by turning to the body (disciplinary) and the population (biopolitics), but in Foucault's conception of power there is still little room for an accounting for state and para-state violence.<sup>133</sup> However, in a moment of finance-led accumulation, when new forms of the repressive state apparatuses come to permeate and saturate the social field, we need to find ways of tracking and explaining coercion as something other than merely the loutish older brother of consent, discipline, or méconnaissance.

What makes it difficult to talk about subjects of credit is that this is a subjectivity which does not privilege interiority. In *Discipline and Punish*, Foucault pushes beyond Althusser's theory of interpellation to examine the ways in which the subject performs its own subjection by self-surveillance. In this work, Foucault focuses on the subject as an effect of power, with the subject's interiority being a fold created by power. If the rise of mass credit means new imbrications between the legal conception of property and the state power to enforce that conception, what does it mean for the subject and subjection? Clearly we are no longer on the

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<sup>133</sup> For a slightly different take on this relationship, see Asad Haider and Salar Mohandesi who write:

Equally important is that by situating ideology within the complex interaction of the requirements of *reproducing* the mode of production, and the relative autonomy of the superstructural levels in which this social reproduction takes place, Althusser establishes what Warren Montag calls a "strange 'dialogue'" with his former student Michel Foucault, carried on by the latter in *Discipline and Punish*. When Foucault contrasts a conception of power which is "localized in a particular type of institution or state apparatus" to the "micro-physics of power" which the apparatuses "operate," it is precisely Althusser's initial distinction between "state power" and "state apparatus" that he clarifies—State power is not the expression of a subject that is already formed, the model of the bourgeois revolution – it is the *field in which this subject is formed*. Foucault's development of this Marxian theme is to displace the distinction between the repressive and ideological apparatus, enclosed spaces in which force is exercised or subjects are interpellated. Instead, he points to disciplinary technologies that act on bodies, by which force and knowledge form part of a process of power. (n.p.)

For my part, I agree that Foucault displaces the distinction between the repressive and ideological apparatuses but I would hold that there is still little room in his work for accounting for state violence and its effects on the subject (i.e., "force" is not an adequate category).

terrain of power and discipline, which was a concept of the welfare or national popular state. And instead of self-surveillance or the monitoring of interiority we have the subject as a pass thru. Subjects of credit are hollow because the new regimes of property and seizure care little for their particularity, care little about cultivating their interiority; rather, the subject is a pass thru to the seizure of an asset or income. Contra Lazarrato and the interpretation of credit or debt as guilt, when it comes to credit connected to a tangible, resellable asset, the guilt of the subject is of very minor importance. What matters is the ability to seize and resell, the power to force the “free” circulation of collateral and assets: if you can’t pay someone else will purchase the good that you have already made a number of payments on. Or if you have no goods and your future wages have been pledged as collateral—it doesn’t matter if you feel guilty enough to pay, the state will seize your checks. From this perspective on credit, there is no subject, rather only a door, a gateway, a passage to an asset or income stream.<sup>134</sup>

Thus, my argument is that the legal environment that undergirds the expansion of personal credit in Brazil has required a new imbrication between the threat of state or state sanctioned violence and the production of subjects. The subjects produced in this moment, who we might call “anti-subjects” due to how their production breaks with the Christian pastoral tradition of monitoring and cultivating interiority, are exposed in new ways to the threat or possibility of state violence, both because credit is inherently unstable as both a corporativist formation and structure of feeling (thus leading to the use of state violence as a supplement) and

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<sup>134</sup> In a section in *Crowds and Power* entitled “Inflation and the Crowd,” Canetti describes the relationship between individuals and an inflationary financial crisis: “An inflation can be called a witches’ sabbath of devaluation where men and the units of their money have the strangest effects on each other. The one stands for the other, men feeling themselves as ‘bad’ as their money; and this becomes worse and worse. Together they are all at its mercy and all feel equally worthless” (186). A credit crisis featuring seizure of assets and income has a different effect upon the subject: the subject is now without a face, and becomes blank. Not the internal pathos of ‘devaluation’ but a cipher, a Sphinx, an unreadable mask.

because the state commits itself to defending a new, more rigid conception of private property as well as to using force to seize assets as the credit bubble expands, contracts and then deflates.

### UPPs, the Caveirão of Finance

What I have tried to trace in this chapter is the fragility of each of the transformations, as corporativism, feeling, and on the level of the subject, that the expansion of finance, and in particular personal credit, has wrought in Brazil after 2003. I have also tried to draw attention to how credit expansion has mirrored the expansion of militarized public security (Amar 2013) and how the expansion of finance requires the threat of state sanctioned violence to structure its legal environment and to deal with the political subjects that result from the end of anticipation. This imbrication between attempted finance-led accumulation and state violence as joined forms of public security is nowhere more apparent than in Rio de Janeiro, in particular in its most recent public security strategy of the Unidades de Polícia Pacificadora (UPPs). Because Rio is an advanced laboratory of national public security strategies, I want to conclude by examining the links between finance, the UPPs and the recent appearance of new formations on the Rio political scene and what they might herald for the political future on a national scale as the financial and economic crisis deepens.

The UPPs are a public security strategy begun in the state of Rio de Janeiro in 2008, which aim at producing a new form of police control over informal areas of the city and region. Most informal areas have no police stations—and have been long “policed” by the militarized BOPE forces. The UPPs consist of the implantation of a physical UPP unit in a determined peripheral zone, which then begins a form of community-based police work. To date, UPPs have been primarily implemented in areas close to sites for the World Cup or the upcoming Olympics

and academic and popular opinion has been decidedly mixed. Some have praised the program for inaugurating a new moment of state-community relations in Rio, others have seen the UPPs as yet another dystopian policing future in Brazil, this one with a humanized or social face.<sup>135</sup>

Without too much exaggeration we can see the UPPs as the *caveirão*<sup>136</sup> of finance, opening new terrain for the more efficient extraction of financial rent and strengthening the connection between finance and state violence. This connection was visible in the first implantation of a UPP in Santa Marta, where on the morning of December 19, 2008, residents awoke to two important changes: first, the UPP and, second, many residents found tacked to their front doors an electric bill (Renato Cosentino, pers. comm.). As many commentators have noted, the UPPs have had the effect of making certain communities seem safe enough for capital to enter. However, what has not been so frequently remarked is how the UPPs open these areas to forms of financial accumulation as well. In addition to the regularization of electric, cable, and water bills (bills on which people can get “behind” and, as a result, be forced to pay “fees” which are a form of interest on past due accounts), the UPPs have brought an expansion of both banks and commercial stores into *comunidades*—as well as real estate speculation. While it will be obvious that banks make their money from interest and fees charged to consumers, what is perhaps less known is that as much as 20% of many stores’ bottom lines are accounted for by offering credit to consumers (Saltorato and Donadone n.p.).<sup>137</sup> Thus, UPPs make possible not

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<sup>135</sup> The two-part special issue of *DILEMAS: Revista de Estudos de Conflito e Controle Social* 7(3) and (4) 2014 contains a fairly representative range of critical opinion on the UPPs.

<sup>136</sup> These are the armored vehicles the BOPE uses during its invasions of informal zones.

<sup>137</sup> Saltorato and Donadone (2012) also note that financial side of large *varejistas* is growing much more quickly than the retail side and that the profit margins on financial services (while varying across year and establishment) are frequently twice that of retail (approaching a 100% margin in some cases).

just the spread of commercialization or commodification (as some accounts have it), but the spread and further penetration of forms of financial accumulation into peripheral communities.<sup>138</sup>

While there is no credit data specific to Rio that differentiates between the formal city and *comunidades*, one can extrapolate from national data and from data on peripheral regions in São Paulo to see how credit expansion has made more vulnerable certain populations, further exposing them to the threat of violence. First, on a national level, Serasa's 2014 "Mapa da Inadimplência no Brasil," revealed the populations currently with problems managing their credit are the urban poor: with 23% of "Jovens Adultos da Periferia" and 17% of "Massa Trabalhadora Urbana" having one credit account in default by 30 to 90 days (Serasa, "Mapa" n.p.). A 2015 Serasa study in São Paulo found that in Paraisópolis, one in three "moradores da comunidade" have a delinquent account (Serasa, "Um em cada" n.p.). While a 2015 Data Favela study revealed that "48% [of moradores] disseram ter usado o cartão de crédito emprestado de parentes ou amigos" and a 2014 study found that three out of four people who loan their names (so family members or friends can take out credit because they are unable) have delinquent accounts (*Brasileiros* n.p.; Instituto GEOC n.p.).

We can draw two perhaps obvious conclusions from this: adults in peripheral communities, whether in Rio or Recife, are the group with the greatest need for credit to fill in what their wages are unable to provide. They are also the group with the smallest margin of error when it comes to paying money back—which is illustrated by the higher rates of delinquency in *comunidades*. A few missed weeks of work or a lost job and individuals can become stuck, if they were not before, on a treadmill or under a mountain of unpayable debt. Second, as the economy continues to contract these will be the first people thrown out of work, which thus

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<sup>138</sup> It is no surprise then that the UPP project attracted the attention of the quintessential Brazilian (failed) financialized capitalist, Eike Batista (Werneck n.p.), who before the collapse of his empire pledged R\$ 20 million per year for the UPPs.

makes them among the most vulnerable to forms of economic decision-making that will affect their ability for self-reproduction, such as having to decide to pay their debt or rent, buy food or pay debt, etc.

What is perhaps less obvious is that credit exacerbates the most marginalized individuals' already significant vulnerability. So much of the current mediatic and institutional discourse around credit in Brazil sees it as a net positive, as opposed to being what it is: a form of financial exploitation. Annual interest rates, as noted before, on credit card debt are currently topping out at 345% and are continuing to rise (Martello n.p.). In a situation in which the state has already begun to take measures to decrease the credit supply and in which more and more individuals are falling behind on payments, it will become harder and harder for individuals to avoid default by rolling over or transferring their debt. As time (and credit) run out on finance as a corporatist measure, the only lever left at the state's disposal to enforce debts and keep the financial extraction running that Brazil is now dependent on is violence—and this is a purpose that new security measures like the UPPs will serve.

However, if finance has produced, across the territorial space of the nation and the city, new, failing forms of financial corporatism and sensoriums of anticipation, it has also then produced, as well, new political possibilities. Several observers of Rio have noted a recent shift in political formations in the city, with new overlaps between the *morro* and *asfalto* and new alliances between *comunidades*, which have been attributed, in part, to the attention the UPPs have received as part of Rio's security strategy in the run up to the megaevents of the Copa and the Olympics (Bianchi n.p.; Parkin n.p.). That is most certainly the case, but I also would argue that at least some of the possibility for such relations is contained in the spread of linked forms of

finance and state violence charted in this essay—and here is perhaps a clue to what the political future of finance’s failure in the rest of Brazil might look like.

The possibility for new political relations is rooted in how finance, in particular in the form of credit and as real estate speculation, creates new forms of possible commonality across the formal/informal city divide.<sup>139</sup> There are two ways in which this is the case. First, if the *morro/asfalto* divide has been structured in part by a divide between access to formal and informal labor markets, credit is a form of exploitation which all groups share in common. Moreover, as the air begins to slowly leak from the credit bubble and as real estate speculation continues to price people out of consolidated *comunidades*, a shared sense of exasperation with the state’s promotion of credit as a form of democracy, and the illusory nature of this credit democracy, is apparent across social sectors—which I think, as argued above, is one lesson we can take from the protests of June 2013. Second, instead of seeing the UPPs as normalizing policing across the formal/informal city divide (a claim that appears difficult to make as their shine begins to wear off), we can see that attempted financial accumulation requires the spread of exceptional forms of state violence to populations outside *comunidades*.<sup>140</sup> Due to the legal redefinition of private property, the state now has to defend private property much more strenuously and at higher cost. As well, the instability of credit as a corporatist structure means that the state has to rely more on the lever of violence to control unruly populations, particularly as the credit bubble begins to deflate, if not burst. The end result is instead of Rio’s future—and Brazil’s more generally—being the spread of normalized police functions to peripheral areas, it

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<sup>139</sup> I use this conceptual pair here as a heuristic only, conscious of the critique elaborated in the work of Ananya Roy and Nezar Alsayyid (2004) and of the critique presented in chapter 2 of this dissertation.

<sup>140</sup> In no way are the forms of violence or levels of exposure between the informal and formal city equal. I am rather pointing just to a possible basis for the recognition of the existence of such state violence, not to isomorphic situations.

might be, in fact, more marked by the reverse: the increasing exposure of multiple sectors of the population to routinized exceptional state violence.

Thus, instead of the UPPs themselves representing the beginning of a new political conjuncture as they introduce a new kind of policing into peripheral spaces, perhaps part, but only part, of the new conjecture—and the new forms of cross-community political contact that are emerging—is defined by the spreading of forms of financial exploitation and exceptional state violence across the urban and national territory. In Rio's case, perhaps there are new opportunities now for alliance—sure to be fraught and complicated—as financial exploitation has bridged different urban spaces (between *morro* and *asfalto* and between *comunidades*). At the same time, perhaps the exceptionality of the violence of the UPPs is now more visible to traditionally middle class sectors of the city, because these sectors of the population are now exposed, in limited ways as well, to the threat of similar kinds of violence. Perhaps, then, some of the political possibilities in Rio in the financialized present, and on the national level as a whole, are a result of the fact that instead of the *povo* descending the *morro*, the state has.

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## **Chapter 4**

### **Cultures of Circulation in Contemporary Mexico: Beyond Interiority and Voided Collectivities**

If Brazil's path through the aughts and the new financial architectures created in the 1990s resulted in the euphoria of a temporary credit and primary commodity extraction fueled boom, Mexico's path through this stage of the long downturn involved a turn, not to consumer credit, but to circulation. While both Mexico and Brazil switch to export-oriented strategies coupled with new forms of financial integration, the difference is that Brazil's exports are primary commodities flowing to China and elsewhere which did produce some level of new value and expansion, while Mexico's non-oil exports are primarily from the maquiladora and product assembly. Product assembly, as an export-oriented "growth" strategy, had a fatal flaw (especially in its early stages); namely, it ran a persistent current account deficit, meaning the sector consistently imports more machinery and parts than it exports.

In terms of finance, Brazil manages to aggregate a significant portion of global flows to fuel domestic consumption (becoming one of the now fading BRICs). In Mexico's case, there was no attempt to grow domestic consumption with a massive influx of personal credit (as of 2013 less than 50% of Mexicans have bank accounts, only 1 in 4 have a credit card).<sup>141</sup> However, the mass of overaccumulated capital in the global economy does find ways of entering, especially after the 2009 crisis. These points of entry pass primarily through the state or public

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<sup>141</sup> This is something that Pena Nieto's 2014 financial reform law is attempting to change. The law attempts to chase the Brazilian dragon precisely at the moment of its clear demise.

sector, in the form of PEMEX and the state-supported housing sector, as total public sector debt climbs from 474.70 bn MXN in 1995 to 5,744.70 bn MXN in 2013. However, while Brazil turns to extraction and consumer credit as a form of financial corporativism in a moment of “stability” in the long downturn, in Mexico these years are marked by widespread death and destruction. This chapter argues that there are two reasons for this difference. In Mexico, the economy turns—not just to finance—but away from production to circulation and the state turns from corporativism to state violence as its primary infrastructure.

In the 1980s and 90s in Mexico, a switch to an “export-led” economy was seen as the only way out of the debt crunch. However, by the mid-90s it was clear that in Mexico the export-oriented strategy, which depended heavily on the maquiladora, had a structural weakness: because national industry had been destroyed by liberalization, assembly plants along the border were now importing both parts for assembly and capital goods. This meant that Mexico has a persistent current account deficit.<sup>142</sup> Thus, the maquiladoras have not only been less profitable than hoped, they have created their own set of currency-related problems. A current account deficit means that the Mexican government has to buy U.S. dollars on the open market to balance the trade deficit. A perennial issue of the Mexican economy in the export-oriented era, in particular at the beginning of this period (after the 1994 crash and throughout the late 1990s), has been how to cheaply acquire more foreign (i.e., U.S.) currency.<sup>143</sup> Permitting and inducing migration has been one strategy (currently one tenth of the Mexican population lives in the

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<sup>142</sup> See James M. Cypher and Raul Delgado Wise, *Mexico's Economic Dilemma: The Developmental Failure of Neoliberalism* (Lanham, MD: Rowman & Littlefield, 2010), p. 99 and Enrique Dussel Peters, *Polarizing Mexico: The Impact of Liberalization Strategy* (Boulder, CO: Lynne Rienner Publishers, 2000), p. 98-9.

<sup>143</sup> This has led to some paradoxical measures. For example, beginning in 1996 the Mexican government starts a policy of building up foreign currency reserves, in essence stockpiling money that could be employed for productive ends. The government (as do many “developing” countries in this moment) does this in part to reassure foreign investors (that Mexico has reserves that withstand a crisis or speculative attack) and to be able to borrow more cheaply. In effect, we have a paradoxical situation wherein the government is holding (and indirectly borrowing) large sums of money (by 2001 38bn USD [Sidaoui 2005]) in order to keep credit and portfolio investment flowing into the country and keeping the price of that credit and investment low.

United States and remittances from workers in the United States are the second largest source of foreign currency in Mexico after PEMEX).<sup>144</sup> Drug logistics and the courting of financial inflows have been allowed to flourish for similar reasons, as well as for the money they pump into the economy in general.<sup>145</sup>

Thus, the label of “export-orientation” for this period, which has dominated in the fields of political economy and public policy, is something of a misnomer. Instead of seeing these years and the dominant political economic form in Mexico as one of export, I will argue that it has been one of “circulation”—understood as a turn away from the sphere of production to the sphere of circulation. Marx (in *Capital*, vol. 1) divides capitalist economies into two spheres: production, where goods are produced, and circulation, where value is realized (usually by converting commodities via prices into money) and where people purchase the commodities necessary for their survival. The sense in which I understand the turn to circulation is, on the one hand, negative: it marks the decreasing importance or emphasis placed upon production. However, this should not be understood as a kind of nostalgia for or complete overcoming of production, as the turn to circulation marks, in Mexico, an attempted expansion of processes of accumulation in areas like finance and logistics.<sup>146</sup>

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<sup>144</sup> The Pew Center reports that “In 1970, fewer than 1 million Mexican immigrants lived in the U.S. By 2000, that number had grown to 9.8 million, and by 2007 it reached a peak of 12.5 million” (“Demographic Portrait” 2013). Since the 2007-8 crisis, the total numbers of undocumented Mexican and Central American immigrants has held steady; at some moments, for Mexico, the overall figure has been negative.

<sup>145</sup> The size of the drug trade is notoriously difficult to estimate. One widely cited figure puts it at 30 billion USD, see <http://www.cfr.org/mexico/mexicos-drug-war/p13689>. For comparison in 2014, the total amount of worker remittances from the United State to Mexico was \$23.6 billion USD. David Fitzgerald’s *A Nation of Emigrants: How Mexico Manages its Migration* (Berkeley, CA: University of California Press, 2008) describes how through the 3x1 program, federal and state governments have turned remittance inflows into a (limited) developmental strategy: “In 2005, registered HTAs [hometown associations] donated US\$20 million to hometown projects, which, when complemented with matching funds from municipal, state and federal government through the ‘3x1’ program, generated US\$80 million in investments” (113).

<sup>146</sup> In reading the contemporary period as one of circulation or through the production-circulation distinction, I am drawing on recent discussions in several areas. First, one way the rise of finance has been read is through the category of circulation, which has implied a return to the little discussed volume 2 of Marx’s *Capital* (which deals with circulation and the circulation of capital). Christopher Arthur and Geert Reuten’s edited volume *The*

This turn to circulation takes many different forms including, the drug trade, which is a logistics operation that moves commodities into the high-value consumer zone of the United States but which does not control their sites of production; out-migration, primarily into the United States, which involves the circulation of bodies and induces capital flows back into the nation not tied to its productive apparatus; and finance, which has taken on two important forms, the first being a switch to forms of financial speculation (in derivatives) by large, Mexican non-financial corporations and, second, government backing of speculative real estate bubbles and housing lending (which led to a major housing market crash in 2013).

These turns away from production have exacerbated the already exorbitant growth of surplus population, or individuals who exist outside or on the fringes of the capitalist apparatus of production, in Mexico.<sup>147</sup> It is estimated that roughly 60% of economically active Mexicans are in the informal economy (INEGI, 2014).<sup>148</sup> At the same time, the move away from productive labor has furthered the breakdown of the mediation of the capital-labor relation. The

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*Circulation of Capital* (New York: St. Martin's Press, 1998) was an important landmark in those discussions and Joshua Clover's "The Time of Crisis" represents a sophisticated use of circulation to link globalization and financialization into a common framework. Circulation has been discussed as a critical concept in literary and cultural studies recently, but never quite taken as central to cultural life. See for example: Regenia Gagnier's "The Global Circulation of Charles Dickens's Novels" (2013) and Esther Whitfield's *Cuban Currency: The Dollar and "Special Period" Fiction* (Minneapolis: University of Minnesota Press, 2008) both of which employ a notion of circulation. My aim here is to use circulation to link together a set of phenomena which normally appear as unrelated (except through the category of crisis or catastrophe)—namely, drug logistics, immigration/migration, and finance—to then examine the content of cultural works which dwell on or pass through these sites.

<sup>147</sup> Or, as Michael Denning has put it, also in a recent essay: "Under capitalism, the only thing worse than being exploited is not being exploited" (79). Denning describes these new conditions as "wageless life." Part of what I am attempting to capture here in the term surplus population are these new forms of informal labor in an attempt to describe the new forms of violence and danger that accompany the condition of "not being exploited" directly by capitalism through wage labor but still being required to provision daily the resources for one's social reproduction in a capitalist environment.

<sup>148</sup> Report located at: <http://www.inegi.org.mx/est/contenidos/proyectos/cn/informal/default.aspx> It is also important to note that informality is also unevenly distributed across the national space. For example, using 2000 numbers, Oaxaca had the highest percentage of economically active residents in the informal sector at 76.73%, with Chiapas at 69.23%, Guerrero at 69.49%, and Michoacán at 69.67% (Flores Curiel & Valero Gil, 2003). Throughout this chapter I will use the term "unfree" labor to refer to forms of labor that fall to some extent outside classical forms of state mediation of the capital-labor relationship. Of course, no labor is "free." My use of "unfree" is only an attempt to mark a historical shift from one labor regime to another, in which certain contemporary forms of labor in Mexico are marked by new, more intensive forms of exploitation, self-exploitation, danger, and death.

turns to drug logistics and out migration, coupled with state dismediation of the labor market, has led to an increase in unfree labor and surplus population where force, domination, and exposure to death are the rules of the day.<sup>149</sup>

We have seen how Brazil switches in this period to forms of financial corporativism along with state violence and how this calls forth new subjectivities. In Mexico, there is no comparable turn to consumer credit, instead state violence and state-permitted violence becomes the primary vector of social control for surplus populations who either remain, attempt to emigrate, or pass through the nation-space. The turn to state violence has taken two primary forms. The first is an increase in the amount of money spent on the police and military, which has taken on many policing functions after 2006. The defense budget in Mexico has increased from 2 billion in 2006 to 9.3 billion in 2009 (Paley 127), while the U.S.-funded Merida Initiative has funneled 2.35 billion into Mexican military and policing between 2008 and 2014. This is a vast increase in the amount of money flowing into the repressive apparatus. The second form has been the redefinition and reclassification of roles, the most important being the usage of the military for policing functions.<sup>150</sup> For example, in 2008, policing in Ciudad Juárez was turned over entirely to the military. In quantitative terms, in 2009 the Mexican military reported that it had 48,750 involved in combatting organized crime (Sabet 16). In 2012, U.S. Defense Secretary Leon Panetta estimated the total number of dead in Mexico since 2006 at 150,000 (Karlin n.p.).

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<sup>149</sup> These dynamics have been the focus of recent work by Marxist and left communist theorists: see “The Holding Pattern” in *Endnotes* 3 (<http://endnotes.org.uk/>) and Alberto Toscano’s talk at the 2012 Historical Materialism conference “The Uses of the Useless: Political Philosophies of Unemployment” (available at: <http://cartographiesoftheabsolute.wordpress.com/2012/11/27/the-uses-of-the-useless-political-philosophies-of-unemployment/>).

<sup>150</sup> There is now a growing literature on the militarization of various Mexican police forces and police functions in general, see Moleznik “Organized crime, the militarization of public security, and the debate on the ‘new’ police model in Mexico” (2013) and Moleznik and Suárez de Garay “El proceso de militarización de la seguridad pública en México 2006-2012” (2012).

## Post-Developmentalist Social Theory

As theorists from Marx on forward have noted, capitalist modes of production and social formations tend towards producing collectivities, for example, of workers and capitalists (in a moment of industrialization) or between surplus populations and the formally employed (in a moment of deindustrialization or circulation), which then, under certain conditions, have the possibility to come into conflict with one another. This tendency toward the production of collectivities which have the potential to be politicized has meant that states and capital have frequently concerned themselves with preventing, forestalling, or channeling the growth of these collective groups. Indeed, much of Foucault's work tracks the proliferation of individualizing processes linked to the rise of the state (governmentality) and how these individualizing processes break down prior collective forms (the crowd, for instance, in *Discipline and Punish*) but also allow these newly produced "individuals" to be grouped together into weakly collective forms (the army, "workers," etc).<sup>151</sup> What we see in the post-developmental or post-national popular period in Mexico is the slow breakdown of these linked processes of individualization and collectivization. Mexico in the present moment, due to its turn to circulation, that is, away from the productive capitalism that was the foundation of the developmentalist state infrastructure and imaginary, represents a limit case of the breakdown of these processes which have held sway, in Mexico at least, since the late nineteenth century.<sup>152</sup>

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<sup>151</sup> These weak large collectivities always carried with them the possibility of their politicization. Thus, the large corporatist unions were exposed (and had to be protected from) a far-left radicalization (think of the Revueltas-Lombardo antagonism in Mexico, for example) and in most revolutionary theory of the twentieth century developing a split within (or politicizing the collectivity of) the army was seen as a key to seizing state power (see Carlos Prestes in Brazil or any number of other experiences in Latin American countries).

<sup>152</sup> I would locate the emergence of a Mexican version of state governmentality in this moment, specifically in the Porfiriato. However, it is important to note, and significant in Mexico, that what Foucault identifies as the basis for the practices of governmentality, i.e., the pastoral power of the Church, goes much further back, indeed to the very beginning of *la conquista*.

In the national popular or developmentalist moment in Mexico, the state produced a series of individualizing and collectivizing processes, which atomized individuals and then pooled them into non-revolutionary collectivities, creating and defending certain formulations of the “people,” the “worker,” and the “campesino,” as well as a gendered imaginary of social reproduction (“amas de casa”).<sup>153</sup> The production of subjects and their summation into limited collective forms was a central means of control in this period. In terms of subjectivity, the state’s primary role was to link processes of subjectivization originating in capitalist relations of production with collective figures of the nation and national capital, which occurred not just via “imaginaries” but through infrastructures, or material and ideological corporativist formations. In moments of crisis, such as that after 1968, the state played a key role in developing new figures of collectivity which would attempt to mediate the capital-labor relation, such as that of “desarrollo compartido.”<sup>154</sup> The continued reproduction of a theory of mestizaje has been as well a means of bridging both the rural-urban proletarian/indigenous divide and one between workers and the bourgeoisie.

What happens in the turn to circulation is that the state, because of its shift away from corporativist infrastructure to one of state violence, is unable to produce either processes of subjectivization or meaningful collectivities to mediate the very deep splits between the increasing surplus population and the remaining individuals connected to the productive apparatus. As noted above, the military-policing apparatus replaces the corporativist structures of the developmental state. It is this shift that the cultural works in the period before, but most

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<sup>153</sup> At the same time, the state controlled a whole slate of other subjectivizing processes connected to education, health, and security which fed into these.

<sup>154</sup> In the midst of increasing worker rebellion in the 1970s, the Echeverría government attempted to refound the developmentalist pact between organized labor, national capitalists, and the state on a notion of “shared development.” The term was meant to indicate that the state would ensure that more resources were distributed to workers (i.e., more sharing) but that workers would have to consent (once again) to a class alliance (i.e., the second meaning of shared) with national capitalists and the state bureaucracy.

intensively after, 2006 register and respond to. In the following, I track this registering and response along two main lines. First, by focusing on the “drug war” film, *El Infierno* and the poetry of Dolores Dorantes, I trace the transformation of two key sites for producing collectivity, labor and death. I then turn to cultural objects that directly address the conditions of surplus population in a moment of circulation to demonstrate how they pivot on the production of new forms of relation between the individual and the collective. At a most general level, I read all these cultural works as involved in thinking through the end of the developmentalist problematic: that is, their critical valence is no longer how to preserve agency in the face of, or to break with, overwhelming structure but rather to limn the possibilities of collective reproduction and defense in a world rendered unlivable by state and capital.

### The Failure

The failure of the state and capital to produce inhabitable lifeworlds and forms of collectivity can be registered in the cultural objects that deal with the drug war; in part because during the developmentalist period in Mexico labor was a privileged site of the production of subjectivity and collective identities and these cultural objects index how little labor serves that function today.<sup>155</sup> These objects reveal that in a moment of surplus population and a turn to circulation, what was once a site for the generation of subjectivity is now one of interruption of these prior individualizing processes. However, in many cultural objects which meditate on the

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<sup>155</sup> There are, of course, any number of cultural works which continue to repeat the classical dictums of the collectivizing structure of labor. One example is the 2013 film *Nosotros Los Nobles* (the title being a play on the classic Mexican Golden Age film *Nosotros los Pobres*) in which a group of obscenely wealthy *niños bien* are forced into employment by their father (he lies to them that they are bankrupt). Rubbing shoulders with the lower classes of Mexico, the *niños bien* learn about how (in the film) work creates horizontal bonds of real community (as opposed to the “fake” friends and lovers found in their milieu). These are lessons they take with them as they re-ascend at the film’s end back to their true class position. The film’s message is that labor is what makes us all equal and what produces lasting bonds, and it is this fiction which covers up the considerable class difference amongst the various “characters” the *niños bien* befriend in their time amongst the *pobres*.

“drug war” there is still a connection with labor, which means we have not passed beyond all interiority, unlike, as we will see, in cultural works on migration, but we remain rather at a stage of interruption. But this interruption is both conditioned by the specific nature of this labor, which is connected more to circulation or logistics than to production, and which no longer results in the production of the grand, de-politicized collectivities of the developmentalist state-capital relation.

The drug trade, as Luca Rastello notes in *I am the Market*, is at the cutting edge of contemporary logistics. That is, the drug trade is not conducted by mules swallowing 40 condoms filled with heroin at a time but rather by moving massive amounts (hundreds of tons) of product into high value northern markets.<sup>156</sup> In the South to North American trade, cocaine is the primary source of profit. In this trade, the Mexican drug logistic groups primarily control the transportation (as opposed to production) and they have little interest in vertical integration, unlike prior “cartel” forms. This is due in part to geography (Colombia/Bolivia/Peru is not their home base), but also to a shift in the structure of modern mega-corporations involving the rise of global logistics which the new Mexican organizations mimic.<sup>157</sup> The new corporate form produces nothing, rather it is a condensed core of upper and middle management controlling a global supply chain. Profit is made by exploiting the international division of labor and the key moment is the product’s movement into a high value consumer area (like the United States) where the price undergoes a substantial mark up. Jasper Bernes has analyzed this new production model:

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<sup>156</sup> These figures are difficult to estimate. The 2008 UN World Drug Report noted that that year alone 712 tons of cocaine had been seized world-wide. Many estimate that world production (of cut, not pure cocaine) is perhaps double that figure.

<sup>157</sup> Or they did up to a certain historical moment. Part of what is happening now is the fragmentation of larger groups which has meant some have lost access to the cocaine supply and have turned to kidnapping, extortion, etc for income.

Through precise coordination, firms can invert the traditional buyer-seller relationship in which goods are first produced and then sold to a consumer. By replenishing goods at the exact moment they are sold, with no build-up of stocks along the way, JIT [just-in-time] firms perform a weird sort of time-travel, making it seem as if they only make products that have already been sold to the end-consumer. As opposed to the older, “push production” model, in which factories generated massive stockpiles of goods that retailers would clear from the market with promotions and coupons, in today’s “pull” production system “retailers share POS [point-of-sale] information with their vendors who can then rapidly replenish the retailers’ stock.” This has led to the functional integration of suppliers and retailers, under terms in which the retailers often have the upper hand. Massive buyers like Wal-Mart reduce their suppliers to mere vassals, directly controlling product design and pricing while still retaining the flexibility to terminate a contract if needed. They gain the benefits of vertical integration without the liability that comes from formal ownership. (n.p.)

The new Mexican drug logistics groups, while lacking just-in-time production and POS informational systems, are, however, built on this model. Like Apple or Walmart, the goal of these organizations is to force prices upon the supply chain, as opposed to paying suppliers’ price. There are some drugs they produce in mass quantities, for example marijuana and methamphetamine, but these are seen as being used as short-term financing for the more capital intensive cocaine trade (Keefe n.p.). The golden calf of Mexican drug transport is the cocaine trade and in this trade the logistics organizations directly control very little of the production.<sup>158</sup> Thus, the key site for profit generation is no longer control of production but rather the control of the points of entry into the high price consumer zone of the United States. Profits are made not in the exploitation of labor and vertical integration, but in the mark up, the space of circulation, in controlling the transition between exchange rates and national spaces. What these organizations are able to realize through a mastery of logistics and this new corporate form is the super-profits of logistics:<sup>159</sup> they battle over a monopoly, not of production, but of the supply chain. The labor

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<sup>158</sup> See Norberto Emmerich “Una teoría política para el narcotráfico” for an argument that this is in fact a generalized condition of the industry.

<sup>159</sup> Dawn Paley notes that the lion’s share of the profits stay in the United States: “According to a 2010 report by the UN Office on Drugs and Crime, 85 percent of gross proceeds in the \$35 billion cocaine market stayed in the United

of drug logistics is touched by this predominance of circulation in two ways: first, it is a site where the state has shifted from mediating between capital and labor to burrowing into and siphoning off super-profits from the drug trade and, second, drug logistics are outside the enclosure of the factory. Logistics is concerned, rather, with the defense of a territory through which commodities pass, and wherein laborers are exposed to new forms of death and force.<sup>160</sup>

Perhaps none of the cultural productions in the aftermath of the “drug war” have addressed these conditions as smartly as Luiz Estrada’s *El Infierno*. The film opens with the main character, Benny, played by Damián Alcázar, being deported from the United States where he has spent twenty years working as an undocumented laborer. His return, in the middle of the U.S. economic crisis, highlights the transition between two moments of foreign currency flows to prop up Mexico’s current account and two different destinations for surplus population: from migrant labor to labor in the drug trade. Moreover, the film spends most of its time, particularly in its first half, detailing the specificities of the labor regime of low level drug logistics workers.

Upon his return, Benny quickly realizes that his little town of San Miguel de Arcángel has changed greatly in his absence: few people, many guns. Due to pressing financial concerns, Benny quickly becomes caught up in the drug trade to which he is introduced by his childhood friend Cochi Loco (Crazy Pig). Once Benny joins the trade the film passes into an episodic mode, with Benny being shown the ropes by Cochi. As Benny quickly learns, the labor of narco

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States. Of that amount, 15 percent went to US wholesalers and mid-level dealers, and 70 percent went to street-level dealers who sold to US consumers. Compare this to the \$4.6 billion (13 percent) that stayed with traffickers moving the product between the Andean region and the US, or with the mere 1 percent that stayed with Andean producers” (88). Nonetheless, the relative supremacy of logistics versus cocaine production profits is significant.

<sup>160</sup> The labor of logistics in films like *Infierno*, as we will see, operates under the same conditions that transportation or logistics work has historically; that is, at the edge of state mediations of the capital-labor relation. In societies that focus on production, transport is an after-thought, a cost that should be reduced as close to zero as possible. In transport, there is a historical tendency to employ unfree forms of labor: which would include nineteenth century sailors being “shanghaied” or the recent UPS, FedEx, Amazon.com dependence on part-time labor. The existence of or tendency towards unfree labor (what in technical terms would be the exploitation of absolute surplus value) is in part historically conditioned as well as being the result of a conscious lack of state mediation of the capital-labor relationship in this sector.

logistics has a different specificity from even migrant labor as it is even less mediated by socially necessary labor time and the state. As Cochi Loco notes, “La vida del narco: muy buena lana pero no es fácil.” And it is not hard work because it is physically demanding (indeed, Cochi and Benny spend most of their time driving from place to place in a truck or in bars partying), but psychologically so. Benny and Cochi are always on call and cannot refuse any task (their partying is frequently interrupted by cell phone calls from their boss, demanding their immediate presence or attention). Their only site of resistance is that common to logistics and transport workers: namely, pilfering, in their case, taking money and drugs that the boss will never know are missing.

If *Infierno* is a film, at least in part, about labor, what is it that Benny and Cochi actually *do* in the film? Their labor we might say has two sides: first, handling logistical operations (delivering product, meeting suppliers, collecting payments, etc) and a second, and increasingly as the film descends into a full-on war between capos, killing other low-level drug logistics laborers. However, if one compares *Infierno* with other cultural productions of the narco moment, including other films such as *Ms. Bala* or novels in the graphic violence police genre such as *Entre Perros*, it is immediately apparent that while all traffic in violence and the representation of violence, *Infierno* grounds this representation in a presentation of narco life as labor, from which it derives a good deal of its black humor and critical force. The critical force of *Infierno* is contained in its ironic commentary on labor as no longer being a site for producing national subjects. For example, the film’s running gag is to present Benny and Cochi as just two normal guys doing their jobs... which includes placing festive sombreros on bodies, etc. As Benny and Cochi travel, frequently, at high speed from one point in the film’s under-inhabited landscape to another, to enforce a debt or extract revenge, the film’s scenes of spectacular

violence are offset by the film's ironic emphasis on their labor as labor: as Benny responds to Cochi honking outside his house early one morning, "Este trabajo no respeta horarios."

Foucault's work on the great systems of individualization and the production of subjects in the long sweep of the rise of the state and governmentality turns around institutions and enclosures: barracks, schools, hospitals, asylums, factories, and prisons. What we can immediately see about the work of drug logistics is that it takes place not in an enclosure. The critical spatial figure in *Infierno* is the *plaza* or the territory which one controls and through which *mercancia* passes. Instead of the body being inserted within and produced by an institution, one's labor takes place within a territory, is tied to this territory, and is directed towards the control of this territory. It is this move from enclosure to territory that occasions the interruption of prior forms of subjectivization; these interruptions all turn around the transformation of a discontinuous anthropological limit which defines the subject and body.

*Infierno* tracks this process of interruption and the re-elaboration of the anthropological limits of the subject, especially in its attention to Benny's attempts to normalize himself to the demands of the work. After his first day on the job, while relaxing at a strip club, his co-worker, El Huasteco, asks him "...qué le pareció la chamba?" To which Benny replies, "pues como todo, no más es cuestión de agarrarle el modo."<sup>161</sup> However, the film demonstrates that there are many parts of the job for which Benny's subjectivity has not been prepared. In the next scene, Benny is having sex with a sex worker during which he repeats to her his lines from earlier in the film ("te voy a sacar de trabajar")<sup>162</sup> originally spoken while having sex with his love interest, Lupe.

While Benny's masculinity is adapted enough to the present to allow him to enjoy the pleasures of the narco life, it still requires him to disavow his reasons for this enjoyment and requires him

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<sup>161</sup> Translation: "What do you think of the job?" "Well, like anything else, its just a matter of getting the hang of it."

<sup>162</sup> Translation: "I'm going to get you out of here." Implying that he will set the woman up in a family-like structure and "save" her from prostitution.

to connect them to a prior form of labor, masculinity, and social reproduction. This activity is interrupted by Cochi Loco—the patrón has called and needs them immediately. In the car ride there, Cochi gives Benny a packet of white powder (“si JR y el patrón nos encuentran en este estado, nos cortan los huevos”).<sup>163</sup> Benny’s body again requires adjusting. Benny is then present as the leader of their logistics group (Don José Reyes) cuts off the tongue and hands of a former employee (for being a snitch and thief respectively). Benny faints and in the next scene we see him sitting alone at his kitchen table taking tequila shot after tequila shot. His love interest, Lupe (played by Elizabeth Cervantes), enters the room and Benny shows her his hands, still shaking. She rubs his shoulders and says, “A ver mi rey, en esta vida todo se acostumbra, menos a no comer.”<sup>164</sup>

Each of these moments is the interruption of a prior subject formation and an attempt to refashion Benny’s subjectivity into an instrument adequate to the labor of drug logistics. The point of the film is that, with Benny, the subjectivization carried out by drug logistics labor does not stick. The film demonstrates that of the hired hands of Don Reyes it is only the two members with prior military training (El Sargento and El Sardo) who have successfully completed the transition to the subjectivity demanded by the labor of drug logistics—cutting up bodies, torturing, etc without a visible response.

If the film depicts logistics labor as interrupting prior processes of subject formation, it shows that also, in this moment, labor no longer serves as a site of collectivization. Instead of a figure of the worker which binds individuals, what the film presents instead is the absence of any form of collectivity amongst the logistics workers. The primary social relation amongst members of Don Reyes’ network is distrust and suspicion: everyone is always potentially a *soplón*

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<sup>163</sup> Translation: “If JR and the boss catch us in this state they will cut our balls off.”

<sup>164</sup> Translation: “Look here honey, in this life we can get accustomed to anything, except for not eating.”

(“snitch”). When Benny turns to the government to trade information to protect the life of his nephew and Lupe, it is quickly revealed that the government officials are working for Don Reyes as well. The film demonstrates repeatedly how little it takes for individuals to switch sides and begin playing for the other team. Thus, instead of the grand figures of the campesino, the noble proletarian pobre, or the *mujer abnegada*, in *El Infierno* we have a gallery of distrust and deceit, an interrupted processes of subjectivization that know no limited collective sublimation.

At the same time, the need for a control of territory (as opposed to the means of production) has meant that the interruptive effects of drug labor are not confined (primarily) inside any “institution” (such as the factory, the office, etc.), but rather roam across the social field at large. This leads to forms of force (display of dead bodies) as a means to control a given territory and that forms of force deployed in the moment of drug logistics labor escape from any enclosed space and impinge on the lives, bodies, and affects of neighbors, passers-by, etc. The labor of drug logistics constitutes an interruptive process not just for Benny as a novice laborer in the mines of circulation but for those who live or work in or adjacent to its un-enclosed territories. Both of these processes, tied to control of territory, breakdown old forms of enclosure and interrupt or de-institute prior forms of subject formation.

What *Infierno* can show us is that, unlike many accounts of drug violence that focus on the breakdown of a state monopoly on violence, there is a special connection between economies of circulation and force. That is, the flows of drugs, their position at a remove from production in the realm of circulation, and lack of state mediation of the capital-labor relation, creates, at least in a partial way, the openings onto death found in the labor of the drug logistics sector. To the extent that it involves control over circulation (points of entry) and the superprofits possible in contraband trade, the labor that goes into drug logistics is only partially mediated by the state and

by socially necessary labor time. To the extent that the drug trade operates in a new formation of the capital-labor relation which is positioned less in production and more in circulation, it operates outside the traditional state mediations (the working day, etc). Thus, the labor of the drug trade, which tends to suck up those like Benny who are in or on the edges of the surplus population, involves an opening onto the destruction of the body and exposure to death as the limit of unfreedom. It is this exposure to death which interrupts both prior process of subjectivization and forestalls the production of depoliticized collectivities, so characteristic of the developmentalist state, at the site of labor.

It is the failure of this structure that Benny confronts in the film's final scene. At a celebration of the Mexican bicentenario, Benny walks in slow motion through a cheering crowd. Once at the front, he pulls out a cuerno, and still in slow motion, proceeds to kill the ruling class of San Miguel, from the priest to Don Jose Reyes and his wife, to mid-level government functionaries. Benny is not just extracting retribution for the murder of Lupe, which would imply a more limited selection of targets. Rather his total negation of the current symbolic trinity of the Mexican elite (state, church, and drug logistics) is extracting revenge for the failure of a system at large, which encompasses both state and capital. However, in *Infierno*, unlike later cultural works, this failure is not complete: as Benny walks through the crowd we see that there is still a large population for whom the symbols and structures of the state are still functional, in an ideological sense at least; those who respond as Don Reyes waves the flag and chants "Viva! Viva Mexico!" The state, and its process of subjectivization, in *Infierno*, then, still carries a trace of its past functionality—not as a hope for the future but as an ideological substrate of the present. *Infierno* marks the limit of the functionality of the state apparatus but for all its negative power does not speculate on what might come to substitute for it. To begin to see beyond it, we

have to turn away from labor, which is still touched by the trace of production, and into the other central Mexican site for the production of subjects and weak collectivities: death.

### The Cadaver

In a 2012 blog post poet Dolores Dorantes writes of her book *Querida Fábrica* (2012):

Comencé escribiendo ese libro con la idea de un personaje enamorado de la fábrica, de la industria, de su lugar de trabajo y las situaciones a las que la vida laboral lo somete, en los recorridos de una rutina dentro de esas naves industriales típicas de la frontera y, supongo, típicas ya del mundo entero. Las naves industriales son ahora para el desarrollo de los países, como los iglús para los esquimales. No sé en qué momento el amor por la fábrica se convirtió en el amor fascinante hacia un cadáver. No sé en qué momento, la fábrica con sus tonos metálicos y procesos sincronizados y automáticos; con sus riesgos calientes y el pulso de una vida sujeto a los motores, se volvió un cuerpo muerto descomponiéndose ante la mirada del amor.<sup>165</sup>

As Claudio Lomnitz has shown in *Death and the Idea of Mexico*, death is not a stable cultural category but rather one used “as a conceptual field with which to think through the national question, and indeed as a metonymic sign of Mexicanness itself” (27). Lomnitz demonstrates how after the 1982 debt crisis representations of death change from indicating a common ground shared by all humanity or “a universal that provided ironic distance from the artifice of everyday hierarchy” into a “form of social differentiation.” He writes:

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<sup>165</sup> Translation: I began writing this book with the idea of a character in love with the factory, industry, their place of work and situations that work life submits one to, in a routine within those typical industrial buildings of border and, I suppose, typical now of the world in general. These factories (naves industriales) are now for developing countries, such as igloos are to Eskimos. I do not know at what moment love for the factory became the fascinated love towards a corpse. I do not know at what point the factory with its metallic tones and synchronized and automated processes, with its hot risks and the pulse of a life subject to its engines, became a dead body decomposing under the gaze of love.

The rest of the post tests an alignment of this work with necropolitics: “Después de escribir *Querida Fábrica* había decidido no escribir más poesía. Consideré que era mi último libro. Luego, junto a Rodrigo Flores, escribí *Intervenir* (un libro con edición limitada a 30 ejemplares que regalamos en una fiesta en el D.F.). Después de escribir *Querida Fábrica* tuve miedo. Me asustó estar acercándome a una especie de fascinación por los cuerpos muertos. Recorría cuerpos imaginarios con pasión por su inercia y por los interminables significados y símbolos que provoca la muerte. Hoy recibí un link a una colección de fotos de Fernando Brito y el link era anunciado como “necropoética”. Si hubiera podido elegir una fotografía para ilustrar la portada de *Querida Fábrica*, hubiera sido una de Fernando Brito, sin duda.”

Here death is not a form of ironic distancing, but rather a way of exaggerating inequalities, all wrapped in the punch of a highly developed macabre humor that has its own long tradition in Mexico. The skull, then, serves to exaggerate social difference and to extrapolate it to its final consequences in a kind of grotesque. Whereas for Posada skulls were a sign of fundamental equality and communion (and were subversion for that reason), in the crisis period they are deployed to uncover inequality. (445-7)

Death then, much like labor but in a more popular rather than state register, has been a site for articulating forms of collectivity (either in consonance, critique, or dissonance with state-produced forms). For Lomnitz, the resurgence of Day of the Dead imagery and cultural practices after 1982 is linked to a need to name and note growing inequality. This represents a marked shift from the national popular mediations of death where it is a category that reveals or names an equality and common-being amongst all social subjects. Before the 1982 crisis, the subversive power of death was in its claim to a fundamental equality, after it is the skull (the *calavera*) which exaggerates social difference to the point of a grotesque critique.

What then does it mean, in the present historical period, but one no less in crisis than the one Lomnitz examines, to focus—as a wide range of cultural works do—not on the skull as metonym of inequality or the figure of death as common ground, but on the cadaver? The shift from death to the skull to the cadaver marks a transition between a modern period defined by production, labor power, and grand state collective forms to a world of crisis and growing inequality after 1982 to the present world defined by surplus population and circulation. To the extent that the years after the 1994 financial crisis one of the key vectors of change in the social sphere is the spread and proliferation of circulation, its overtaking of production, the cadaver, which inhabits a space somewhere between the living and the dead, between material and immaterial, becomes a key site of cultural reflection and articulation of an ambivalent collective form.

In the first poem in *Querida Fábrica*'s opening section "Condúcenos" we read:

Esto no va más allá de algún vestido al que  
Tenemos que buscarle los zapatos o  
Una noche que esconde su más preciada estrella tras la quemadura  
es ese fuego al que nos gusta entrar para mirarnos  
y  
el corazón de despedidos  
y desposeídos  
que una época que no pudo borrarse arrastró con nosotros como  
arrastra el mar un mar espeso sumergido en lo oscuro  
Cada paisaje hirviendo recubre lo que fuimos tomando  
muy a pecho y que ya es hora  
de contarlo como si hubiera números para una decadencia  
recubierta de centros moribundos  
Porque  
hay que alinear los cadáveres con los que te pretendo hay  
que apilar los crímenes para alcanzar la carne de un corazón  
que no batalla como tú

*tú: un corazón sin remos (12-3)<sup>166</sup>*

This opening poem inserts the cadaver into a complicated signifying system, one defined by two parallel worlds predicated upon immateriality: the light of both the fire and star and the

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<sup>166</sup> Rough translation: This is not going beyond a dress that / we have to look for shoes or /a night that hides its most beloved star after the burn / and / is that fire that we like to enter to see ourselves /the heart of the dismissed /and dispossessed / that a time that could not be erased dragged us as /dragging the sea a think sea submerged in the dark / every boiling landscape covers what we were taking / to heart and it's time / to tell it as if there were numbers for a decadence /covered in moribund centers /Because / must align the bodies with which I court/claim you we have to/ stack the crimes to reach the meat of a heart/ that does not battle like you /you: a heart without a paddle

landscape that boils are all moments of state change, of flicker, of an undecidability as to the state of a being's substance. There is reference as well to parallel lines of cadavers ("los cadavers" lined up against those that "te pretendo") which index two different orders of being: the "real" cadavers and those with a less defined ontological status. Indeed, the poem in these stanzas is an accounting of what is there (material) and what we hope, expect, or pretend is or might be there (immaterial). The effects of these multiple gestures (to orders of cadavers, to stars, and fire) is revealed in the final set of lines as not that of making the immaterial material, that is, to make it flesh, but rather to reach (*alcanzar*) the materiality of the immaterial, the heart or flesh of the spirit.

It is important to differentiate the use of "immaterial" here from what is its perhaps most common contemporary usage, that of the post-workerist theorization of "immaterial labor." This usage of the term immaterial has its roots in Marx's *Theories of Surplus Value* and other nineteenth century political economic texts where it is used to describe the product of service work (immaterial versus the "material" product of industrial production). There is, however, another genealogical tradition that extends back into medieval Christian and Arabic philosophy (Augustine and Averroes particularly) where immaterial is used to designate the soul as a *substance* which is not merely mental (non-substantial) nor merely physical (material).<sup>167</sup> Hardt and Negri's usage of the term immaterial takes up the political economy side of the genealogy and links it to the informationalization of work in *Empire*. My usage of the term—and which we have seen outlined in the work of Dorantes above—draws on the earlier medieval tradition which stresses the not non-material nature of the immaterial.

Of course, the cadaver in Dorantes cannot but help to refer to, on one level, the 150,000+ dead in the on-going "drug war." But focusing only on drug and state violence would miss the

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<sup>167</sup> It is this meaning that reappears in the Enlightenment with Berkeley's philosophy of immaterialism.

longer cultural salience of the cadaver in Mexico, as well as what is specific in Dorantes' description; namely the passage beyond production, the passage from the factory to the cadaver ("No sé en qué momento el amor por la fábrica se convirtió en el amor fascinante hacia un cadaver").<sup>168</sup> Moreover, as we saw above, the cadaver in Dorantes is not merely the brute facticity of the corporal but rather a figure of the immaterial, the not non-material, a paradoxically substantial shadow world. As such, the movement into the world of the cadaver, not just in Dorantes' work but across recent Mexican cultural production,<sup>169</sup> can be read as referring not just to the dead of the drug war period, but also to the move to circulation understood as the specific form of the parallel substantial immaterial world, which, I will argue, links the present period with the prior 1990s moment of financial crisis, and condenses features of the present period's form of financial crisis, namely that of second-order finance or derivatives (as the trigger of the 2008 global financial crisis). The figure of the cadaver as that which is suspended between two worlds indexes a turn away from production in two ways: referencing the dead of the logistics of drug trade and the immaterial forms of value produced by new financial (derivatives) operations.

Indeed, the salience of the cadaver has a history in Mexican cultural production that pre-dates the drug war. As Lomnitz notes, the (now early) work of multi-media and performance artist Teresa Margolles "mobilizes" traces from anonymous victims in Mexico City's morgue. Amy Sara Carroll has pointed out that Margolles' work is concerned with "the life of the corpse" and is composed primarily of the waste matter, stains and traces of corpses. Carroll, discussing Margolles' 2002 piece "Vaporización/Vaporization" in which disinfected water used in the washing of corpses in the Mexico City morgue is run through a fog machine, writes, "in this

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<sup>168</sup> Translation: I don't know in which moment love for the factory became a fascinated love for a cadaver.

<sup>169</sup> These other cultural productions would include the photography of Fernando Brito, the 2013 film *Halley* (in which a man slowly realizes he has turned into a zombie), and Roberto Bolaño's *2666* amongst others.

regard, Vaporización/Vaporization initially might be understood as allegorically charting an ontological transformation in ‘national allegory’ proper. Like the body, which is transubstantiated, but not disappeared” (115). Margolles’s work which extends back into the late 1990s, and thus predates the start of the “drug war,” but which is located comfortably in the turn to circulation, is concerned then with both the cadaver and the immaterial (as that which is transubstantiated but not disappeared). There are strong parallels here with Dorantes’ recent work which uses the cadaver as a mediating device and which traffics as well in shadowy, immaterial worlds.

But to understand how this immaterial world emerges out of not only death but new forms of financial crisis we have to take a brief political economic detour. During the 2008 financial crisis, numerous Mexican companies lost hundreds of millions of dollars as bets they had made on derivatives went bad. The Mexican *grupo* CEMEX required a bailout from the Mexican government in order to avoid bankruptcy, even though now it realizes only 16% of its sales in Mexico (Mendoza Hernández 166). What this moment revealed was that many large, non-financial corporations, that is, those whose profit-making ostensibly occurs in the productive sector, had switched to forms of financial speculation to maintain their bottom lines, and that much of this speculation had occurred in derivatives markets. The “real” economy in Mexico was revealed as having become increasingly dependent on the failed forms of accumulation found in finance, or the sphere of circulation.

The emergence and spread of derivatives has its roots in two processes resulting from the long downturn beginning in the 1970s. First, with the growth of multinationals, moving profits between currencies became increasingly important. However, with the end of the fixed exchange rates of Bretton Woods, moving money across currencies became more volatile precisely at the

moment that it became essential to international accumulation. Second, beginning in the 1970s, investment banks began to put competitive pressure on traditional banks and companies began turning to instruments other than bank loans to finance their operations (Lapavitsas 224). Both of these processes led to the invention of new financial instruments, derivatives among them, first as a means of controlling or hedging currency volatility and second to generate new revenue streams for traditional banks and investment houses.<sup>170</sup>

Derivatives have since become not only a big business but part of the fabric of everyday economic life (currently, the global derivative markets runs at 60 billion USD a day in trading).<sup>171</sup> The simplest explanation of a derivative is that it is a financial instrument whose value changes in response to a change in the price of an underlying element. The underlying element can be, truly, almost anything: a commodity, an interest rate, a group of assets, the weather, a catastrophic event. Derivatives exists at a second order remove from an asset or underlying element, but are also more often contracts concerning future actions or events.<sup>172</sup>

Derivatives open a parallel world of immateriality, a virtual world of possible futures with a tendential relationship to the actual. It is a world of confusion between price and value, a world that exists at one remove from and which emerges from the decline of production. This parallel world is an immaterial one: it is tied to the actual but its own actuality blurs into the multiplicity of possible futures, possible future prices. This immateriality becomes a form, an

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<sup>170</sup> For more on these changes generally see Costas Lapavitsas, *Profiting Without Producing: How Finance Exploits Us All* (New York: Verso, 2014). In Mexico, see Roberto Soto Esquivel *Especulación e innovación financiera: mercado de derivados y consecuencias macroeconómicas en México* (México: Miguel Ángel Porrúa, 2010).

<sup>171</sup> This is the notational amount, meaning the face value of all transactions. Since the majority of derivatives come into and pass out of being without being acted upon the actual amount of money changing hands is much less. How much less is difficult to estimate because there are no reliable sources of information for the OTC market.

<sup>172</sup> The historical origin in modern-day derivatives is the commodity futures contract, which is an agreement to buy or sell a certain quantity of a certain commodity at a fixed price at a future date. A helpful introduction to derivatives is Andrew M. Chisholm *Derivatives Demystified* (London: Wiley, 2004). There is in the critical literature an on-going debate between Dick Bryan and Michael Rafferty (*Capitalism with Derivatives* [2006]) and Tony Norfield, “Derivatives and Capitalist Markets: The Speculative Heart of Capital” (2012). Bryan and Rafferty respond to Norfields’ critique in “Why We Need to Understand Derivatives in Relation to Money: A Reply to Tony Norfield” (2012).

effect, a shadow cast upon social life after the expansion and spread of second-order finance. We might think that derivatives are too esoteric a financial instrument to have any real impact on cultural life other than in a mediated way in a moment of crisis. However, I want to argue that it is possible to register the conditioning of cultural categories and production by the immaterial materiality of finance in the period after 1994, precisely to the extent that immateriality indexes and participates in a general rise of circulation over against production in the Mexican nation-space. The specific immateriality of circulation cultures, which encompasses both second-order finance and drug logistics, is that of a shadow world, linked to, but also just beyond, production.

To return to Dorantes then: the landscape of *Querida Fábrica* is a barren zone (“al asomarme a este desierto y ver todo/ calladamente gris” [50]) that harkens back to the world of Pedro Páramo. But unlike Pedro Páramo this is not a world of ghosts (that is, those who are more spirit than matter, or what would be a *ghost town*) but rather the reverse: the space of *Querida Fábrica* is the the immaterial tendentially linked to the actual, the *ghost town*. Jean Franco has argued that Pedro Páramo is a novel about the fragmentation and comingling of capitalist and pre-capitalist forms of social being. On Franco’s account, it is money which causes the breakdown: “In Pedro Páramo, money dispenses the overlord from any personal confrontation, absolves him from the moral consequences of his actions... The Mexican society of Pedro Páramo is a feudal and tribal structure onto which has been grafted a money economy which is connected with the existence of a bourgeoisie” (441-2).<sup>173</sup> If Pedro Páramo maps the transition to a money economy, whose primary effect is the move to impersonal structures of social relation, Dorantes’ *Querida Fábrica* maps the move to an economics of second-order finance and circulation, whose primary effect is the immaterialization of life, its turning tendential of the

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<sup>173</sup> See also Gareth Williams discussion of Páramo and Jean Franco in *The Mexican Exception: Sovereignty, Police, and Democracy* (New York: Palgrave MacMillan, 2011).



The speaker is already in the fosa; but the te/you subject has also been placed in the same position (“te había puesto”). The common position they share is not that of the worker, campesino, or ama de casa, but rather the speaking dead, the immaterial material cadaver. However, different than Posada’s calaveras which are “a *sign* of fundamental equality and communion” (Lomnitz, my emphasis), the common position, or collectivity, of the cadaver is traversed by surfeit of relation—something that marks Dorantes’ writing in general, which weaves webs of pronouns into complex relational forms. If the common position is the cadaver, threaded through it are other forms of minor collectives, which link two elements into a form of social relation, signaled in particular by the repetition of “me gustabas” (“I wanted/liked you”). We might even go so far to say that it is a world without individuality, as rarely in the book is a subject indicated without it being placed into relation with another. If, for Lomnitz, the Santa Muerte cult marks a withdrawal of the state, Dorantes’ work openly speculates on what comes after the state and capital: pushed out from the factory into the surplus of the speaking dead, the book searches for fragile forms of collectivity which might house or bear new forms of social relation inside itself.

In the landscape of the aftermath of production—that of the spirit world of immateriality, the parallel universe of circulation, the production of the fictitious values of finance and the violent contestation for the control of flows of *mercania* through plazas—Dorantes’ work would seem to indicate that all we have left is this tendential linkage to the material substrate of our bodies, the cadaver, wherein we are neither alive nor dead. In the strange light of the parallel world of the grave, of flowers without light, we can lie down together in the hopes that from our trace of biological materiality something else will spring forth.

If death was a figure of equality in the developmentalist moment, and one of a critique of social inequality in the neoliberal transition, then the cadaver is what lies on the other side of the developmentalist state. It figures neither a shared commonality nor a potentially antagonistic critique but rather, as Dorantes writes, “algo mas entero que yo / es lo que viene.”<sup>175</sup> That is, the threat of future death does not make us equal (or unequal), because we are already dead. The wager is whether love as an immaterial spark can newly animate the undead biological substrate, to make it flower. At the edges of the state and against unmediated financial and drug war capitalism there is no ready politics, no proletarian subject, no “human” rather just the undead in the parallel world of the immaterial looking for a way out, the undead saturated in relation, pronouns circling around each other in an attempt to enact a collective body.

### The Surplus

If *Infierno* and the poetry of Dorantes show us what happens to sites for the production of collectivity emerging from the developmental state, it is in cultural works concerned with migration and terror where the failure of capital and the state to provide inhabitable lifeworlds is most directly registered and contested. Mexico-based cultural productions about migration, concerning either the migration of Mexicans or Central Americans into the United States, present migrants as surplus population, as existing outside the apparatus of state and capital.<sup>176</sup> In these cultural objects, but especially in filmic productions, migrants attempting to pass over walls and through deserts into the United States are portrayed as existing outside all enclosures. Even when

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<sup>175</sup> Translation: Something more whole than I / is what comes.

<sup>176</sup> This is in contrast with work emerging from the social sciences which has tended to focus on the construction of transnational linkages (mediated by the state, Church, or hometown associations). See for example, Natasha Iskander, *Creative State: Forty Years of Migration and Development Policy in Morocco and Mexico* (Ithaca, NY: Cornell University Press, 2010); Debra Lattanzi Shutika, *Beyond the Borderlands: Migration and Belonging in the United States and Mexico* (Berkeley, CA: University of California Press, 2011); and David Fitzgerald’s *A Nation of Emigrants: How Mexico Manages its Migration* (Berkeley, CA: University of California Press, 2008).

they succeed in crossing, they continue to be represented as part of the informal labor market or in “grey” market areas where there is little state mediation (other than state violence). Thus, many migrants, at least from the perspective of these cultural works, remain, at best, at the edge of the capitalist and state apparatus of subjectivization, and, in the moment of crossing, they pass between two state formations, both of which direct excessive amounts of violence at individuals in their position. What filmic cultural productions on migration, such as *Norteado* (2009) and *Jaula de Oro* (2013), reveal is how quickly the interiority of the subject fades once it moves to the periphery of these great systems of subjectivization and collectivization.<sup>177</sup>

In *Discipline and Punish*, Foucault discusses modern disciplinary procedures as the production of the “modern soul,” and, as we saw in the previous chapter, modern notions of control and domination pass through the production of a subject, control of subjectivity, or the integration of an individual into an apparatus. In Foucault’s account, the modern soul emerges in a turn away from punishment that is directed at the body. With the rise of disciplinary apparatuses and institutions of enclosure, disciplinary techniques like imprisonment came to reform the soul instead of punishing the body. They did so, however, through a complex set of processes aimed at the body; through disciplinary techniques Foucault describes as the art of distributions (placing bodies in enclosed, portioned spaces), the control of activity (of time and gesture), the organization of “geneses” (various forms of training), and the composition of forces (tactically combining individual bodies into larger “machines”). All these are operations on a body, but ones which give rise to the subject’s interiority.

If subjectivity as we have known it since the sixteenth century is created by hailing, integration into productive process, or in submission to disciplinary procedures, in cultural works

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<sup>177</sup> This is not to say that individual migrants in reality have ceased to have feelings and emotions or significant interior lives; rather I am referring only to how cultural works dramatize and figure these subjects in a representational universe.

on migration we register not the dissolution of individuals but rather of that specific form of subjectivity: interiority. Surplus populations are controlled by state violence, not by the disciplining, policing, and regulation of their “souls.” Once the state and capital let up on these individualizing procedures and switch to violence and force, interiority begins to fade. However, its absence makes space for the emergence of something else: a form of individualizing (not interiority) which derives from a collectivity, instead of the other way around.

For example, the 2009 film *Norteado* follows Andrés, an Oaxacan migrant, and his attempts to cross the border at Tijuana into the United States. The film opens with him leaving the Oaxacan sierra, travelling by bus to the border, and then crossing into the United States with a *pollero* (smuggler). The *pollero* abandons him in the middle of the desert and, close to succumbing to the heat, he is picked up by the border patrol. Returned to Tijuana, he eats in a shelter and then attempts to call his cousins in the United States. He gets a disconnect signal and speaks his first words of the film, “Bueno, bueno”—at the eighteen minute mark. Andrés then begins working for a middle aged woman, Ela (played by Alicia Laguna), who runs a *tienda* and he slowly becomes a part of the social group that passes through the store, which includes Asensio, an older gentleman, and Cata, a younger woman who works in the *tienda* as well. The film and Andrés continue in relative silence; not until the film’s halfway mark does Andrés finally have a full conversation with another individual (with Ela in a bar, where she is trying to hook up with him), and even this one is halting, monosyllabic, marked by the exchange of only the most basic personal information, even though it is filled as well with care and also sexual desire.

In “The Subject and Power,” Foucault outlines his argument that the modern state appropriated and built on the pastoral power innovated by the Christian church. Foucault writes

that among the characteristics of this “very special form of power” are that “it is a form of power which does not look after just the whole community, but each individual in particular, during his entire life” and that “this form of power cannot be exercised without knowing the inside of people’s minds, without exploring their souls, without making them reveal their innermost secrets” (332). The lack of dialogue in *Norteado* marks a break with this kind of subject formation. The film presents us with a hollowing out or absence of interiority—but which does not imply the absence of or inability to form social relations. Rather, what we see is that the link between confessing or giving an account of one’s self and the state or pastoral power which cultivates this specific type of subjecthood or interiority has been broken.

A similar process is at work in the 2013 film *Jaula de Oro*. Three friends (Juan, Sara, and Samuel) begin a journey out of Guatemala to the United States. The first seven minutes of the film, as they get ready, meet up, and then journey to the Guatemala-Mexico border, pass without them exchanging a single word. After they fail to hop a train, their group is joined by a young indigenous man, Chauk, who speaks no Spanish. As the others begin to have limited conversations (hopping on the train, counting money, etc) his silence serves as a marker of the film’s anti-pastoral, anti-confession mode. Again, this is not to say there is no “emotional” or affective life, but rather that it passes through a different apparatus. Having been sent back by the Mexican border patrol, the group decides to make another attempt. Juan, the de facto leader, says anyone who wants to should turn back now. Samuel decides to stay. Juan asks him “¿Por qué?” Samuel does not respond verbally but the two hug. He then proceeds to hug, with tears in his eyes, each of the other members of their group. Thus, it is not that there is no connection, no affective or social relation here, but rather it no longer passes through the language cultivated by processes of interiority. The question “¿por qué?” that calls the individual to give an account of

him or herself has an answer that no longer lies within that domain of accounting. The subject still understands the question; the memory of that prior system of subjectivization exists, but Samuel's current lived practice is other, which is the mark of the rise of surplus population outside the enclosures of state and capital.

One might make the remark that surplus populations in migration are actually attempting to integrate themselves (differently) into the state and capitalist apparatus, and it is true that some individuals do manage to do this and that—outside the universe of filmic representation—both the (Mexican) state and Church have developed mechanisms for tracking and managing migratory populations.<sup>178</sup> However, what *Jaula de Oro* also shows is that this re-integration is, at least in the example of the film, never complete. The passage through the field of surplus population follows and marks individuals even after their re-integration into systems of production and state mediation. For example, the final 30 minutes of *Jaula*, as Juan and Chauk cross into the United States and Chauk is shot by a Minuteman-like sniper, contains no dialogue other than brief commands. Interestingly, right before passing into the United States, they are waiting in a sewage tunnel and the film employs a device that it has not used up to this point: the interior monologue. It gives each character several lines in their native language, expressing their emotions on crossing over. But this feels less like a return to the interiority of the subject than a farewell. In the next scene, Chauk is shot and Juan is now alone, the only survivor of the journey (Sara had been kidnapped earlier in the film and never returns). The final scenes of the film show Juan working in a meat processing facility—sweeping up the remains from underneath the cutting lines—and then walking home in the snow. His face betrays no emotion as he works without speaking and then walks in the cold. In the final shots of the film, we see him standing

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<sup>178</sup> See for instance David Fitzgerald “Inside the Sending State” and “The Church’s Eye on Its Flock” in *A Nation of Emigrants: How Mexico Manages its Migration* (Berkeley, CA: University of California, 2008).

underneath a streetlight watching the snow fall and then the film ends with a long final shot of the camera pointed up at the blank night sky, the snow cascading down. Instead of Juan's reintegration into the subjectivization of work, there is only blankness. Instead of the finite depth of the subject, the profound infinity of the night.

Part of what Foucault describes by disciplinary measures in *Discipline and Punish* are a series of techniques that limit the possibility of the appearance of the crowd. As Foucault notes, under earlier regimes of punishment, the condemned would plead their case to the assembled public and occasionally would be rescued by it. Foucault describes this as a form of "popular illegality," which includes a whole range of manifestations, from demonstrations to riots (201). Part of the aim of modern disciplinary apparatuses individualizing focus is to prevent the emergence of such crowds, riotous multitudes, or "illegal" publics. However, as Foucault also notes, states, especially the military, need to coordinate large groups and derive a significant part of their power from the ability to concatenate individuals into operationalized masses. States, as I argued at the opening of this chapter, drawing on Foucault and Marx, do so by first individualizing and then collectivizing these elements into de-politicized groups. This process inverts the relationship between individual and collective that one finds in the crowd. In the crowd, it is the collective which gives or produces a limited, non-pastoral individuality, while disciplinary structures first individualize and then form these elements into non-volatile combinatory forms (though the potential for a politicization of these forms is always there, however limited). What we can see in migration or surplus population films is a return of the forms of individual-collective relation found in the crowd, but of a very specific kind, so it is worth attempting to trace this carefully.

As the characters in *Norteado* slowly congregate around the shared center of the *tienda*, the film reveals that what first appears as a random group of individuals joined by happenstance are in fact all conditioned by a similar experience of immigration. Both Ela and Cata have husbands who left for the other side and stopped contacting them. Ela first establishes her interest in Andrés, taking him out drinking one night. However, Cata also has a clear interest in Andrés as well. It is only after he attempts to cross (yet again) and is sent back that their intimate relationship is constituted. They go to the same bar to which Ela took Andrés. The film thus sets up what is a traditional plot of melodrama: the love triangle. In this instance, as they are all living and working in the same small store which doubles as their living quarters, the viewer waits for the powder keg to explode. But it never does. Instead what happens is they all work together on a plan to get Andrés to cross—building an armchair in which they hide him while Asensio drives him across the border in a pickup filled with other miscellaneous household items.

This is not to say that demands emerging from desiring self-interest or a form of emotional life are not present and articulated by the characters. In particular, Ela does not want him to leave. In her car after a day spent working on the armchair she tells him, “Yo necesito alguien que me ayude. Yo no puedo sola con todo.”<sup>179</sup> And Andrés for his part extends an offer to Cata to cross with him (it is unclear if he means to start a relationship with her or only to help her cross). The way that the film diverges from traditional plots of romance is that these demands or desires are made but they do not interrupt the form of collectivity that has been generated (or the collective process of its generation). That is, there is never a moment in the film in which it feels like any of the characters will break their bond with Andrés and stop assisting in the plan to help him cross. Nor does the film present a moment of the two women engaged in competition or attacking each other to win Andrés to themselves. What the film never calls into question is the

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<sup>179</sup> Translation: I need someone who can help me. I can't manage everything by myself.

group, even though it is non-identical to itself and does not suppress forms of individuality or emotional life inside it.

*Norteado* sketches a form of intimate groupality based neither in codes of friendship nor marriage (as a contract)<sup>180</sup> because it is not compartmentalized individuals who confront and negotiate the terms of a relationship with each other. The film presents not individuals entering into state or capital sanctioned forms of contractual groupality but rather the emergence of a collectivity in which individuality takes place. While the film's ending perhaps pulls the narrative back into a more traditional romance register (Andrés gives both of the women dresses which the film shows them trying on as the pickup waits to enter the United States), for an extended period the film traces a different relationship between collectivity and individuality. Instead of the individualized elements that must then be combined into larger forces and structures, we have a form of collectivity, of intimacy that does not pass first through subjectivity but rather produces individuality along with and inside itself. The film demonstrates that this form of collectivity or crowd cannot be broken (by the melodramatic device of the love triangle) because, unlike in the collectives of the developmentalist state and capital, the individual has no meaning outside it.

### The Void

Against the majority of work written about, in the aftermath of, and alongside the drug war, we have to say: *there is no such thing as terror*. However, this is meant in a very specific way: there is no positive content or set of attributes or propositions that adhere to terror, that define it and give it its meaning. This is the situation of terror after counter-insurgency. As

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<sup>180</sup> See Angela Mitropoulos work on the contract in *Contract and Contagion: From Biopolitics to Oikonomia* (Brooklyn, NY: Minor Compositions, 2012).

opposed to the great twentieth century definitions and meditations on terror (Arendt, Merleau-Ponty) or twentieth-first century reclamations of its Jacobian legacy (Zizek, Badiou), terror in Latin America, and Mexico specifically, has been transformed by counter-insurgency tactics into a tool for disciplining populations, which it does by displacing a current anthropological limit on physical or psychological force. Terror is the name of state-sponsored or legitimated violence that operates by exceeding a current threshold on limits of what can be accepted.

For example, there is no reason, other than its normalization within an accepted limit on force, that the slow death of a community due to pollution should not fill us with terror. And there is no reason that executing twenty persons in a central plaza should not seem to be a normal practice of state power, other than that it exceeds a current anthropological limit on the use of force. Terror is the negative space of this displacement, and what counter-insurgency theory and practice has wrought is an operationalization of this as a technique of discipline and as a tactic for interrupting processes or forms of collectivization. How this discipline functions as a form of state violence, however, remains to be specified.

The films of Amat Escalante have been exemplary in their attempts to wrestle with and make legible these conditions. For example, *Los Bastardos* (2008) traces the strange form of temporary collectivity that emerges between two migrant workers in the United States and a suburban mother whose house they are hired to break into before a moment of horrific and unexpected violence irrupts into the plot. But it is Amat's "drug war" film, *Heli* (2013), which plunges deep into the set of conditions we have been discussing in this chapter, as it traces how neither family nor work provides a form of livable collectivity and how the state has shifted its role from mediator of the capital-labor relation to the purveyor of direct force as a form of control.

Heli works at a *montadora* (car part assembly plant) on the night shift and has a strained relation with his wife, Sabrina, who has refused to have sex with him since the birth of their child. They live in a house on a deserted, desert road with Heli's father, who works the day shift at the *montadora*, and Heli's younger sister, Estella, who is twelve and seeing an older teen, Beto, who is doing military service. Beto hides a packet of cocaine in their *tinaco*<sup>181</sup> which Heli discovers and throws away. Heli punishes his sister and any emergency appears to be averted when their front door is suddenly knocked down by Mexican military, who shoot the father dead, take Heli and Beto to be tortured by local "gang" members, and leave with the younger sister (who they then sexually abuse for a number of months).

Like Amat's other films, the narrative is constructed to place maximum emphasis on the suddenness and unforeseen irruption of violence into a space which has not been normalized to it; in this case, the family and the family home. In the denouement of this event, Heli returns to work at the *montadora* but is fired once the insurance payout of his father is finished and when he turns to the Mexican legal system for help finding his sister, they accuse his father of being involved in an illegal union movement. The film registers then the abandonment of two critical sites for the production of subjectivization-collectivization in the developmentalist period: the family and labor. At the same time, however, the film shows us that the relation between Heli and the state is not merely that of direct domination. In a visually stunning scene, the military personnel return to Heli's house, solely to threaten him with their presence (Figure 1).

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<sup>181</sup> A reservoir of water that sits on top of a house.



*Figure 1.* Heli threatened by the unspeaking military vehicle.

Much like migration films, there is very little dialogue in *Heli*, and, in this scene, Heli stands mute in front of the military vehicle, the institutional apparatus of the paramilitary state pitted against his slight frame. This establishes a relation between Heli as an individual and the militarized apparatus of the state, but it is not that of subjectivization. What there is is a *reminder* of a moment of terror that was lived collectively inside, and which has disarticulated, the family structure. What terror produces then is not a process of subjectivization, but rather a negation that destroys prior forms of collectivization and replaces them with the outline of a voided collectivity composed with all those touched by this event of terror. It is a voided collective because it is a form of collectivization that interrupts any collectivity. The military vehicle returns because the terror hasn't stuck, as Heli continues to search for his sister, and they return to say remember the terror. The command of the unspeaking, threatening military vehicle is that

your social relations are only negative in shape, stop trying to make an operation upon the negative form of the voided collective of terror.

The film, however, is not from the perspective of the state and so its conclusion makes more room for an exploration of what kinds of operations are indeed possible on the voided collectivity of terror. At the end of the film, Estella returns, walking up to the front of the house by herself. She does not speak and we are informed by a doctor that she is several months pregnant (which is how the film alludes to the sexual violence done to her). In the final scene of the film, Heli and Sabrina have sex again while Estella lays on the couch curled up with their infant son. The sounds of Heli and Sabrina can be heard in the background, as the wind blows forcefully pushing the curtains and light into the room where Estella and the infant are laying in each other's arms.

The scene is jarring: the re-connection of Heli and Sabrina and Estella into what was the space of the family grates against the framework of a scene in which a sexually traumatized adolescent is listening to a couple have sex while cuddling with a baby. But this is the wager of the scene: it is an exploration of what can be done in the wake of terror, an investigation into the possibilities for turning the voided collectivity of terror into something else. The position the film seems to adopt is that the terror cannot be escaped, it will (initially at least) always be present; thus, Estella is not sheltered from the sounds of their intercourse as a traumatic reminder of terror. Rather, the film's wager appears to be that to create a non-voided collectivity from the void of terror we have to engage it, to enact an operation, a repetition upon it.

Heli and Sabrina are able to encounter each other again as individuals within their working through the possibilities of a new collective form and Estella is also located again as a non-traumatized individual within this matrix. What we can see in Heli is an operation on voided

collectivity which inverts the traditional state collectivization-subjectivization relation. If in the twentieth century states produced individuals in order to then build non-revolutionary collective forms, in *Heli* we witness that on the other side of a collectivity voided by terror stand forms of collectivity which do not sum individuals but rather which produce individualization within the shape and space of their collectivity. What brings Estella, Heli, and Sabrina together at the end is not (simply) that they once formed part of a kinship structure but that they were marked by a process of voided collectivization of terror and that this process of interrupted collectivization both destroyed and recoded the relations amongst them, and made necessary the task of attempting to produce a new form of non-state sanctioned (or voided) collectivity. In the final scene, the film points to the project of the present; namely to the need for creating, in a moment of transitioning from developmentalist collectivizing and individualizing structures to one of voided collectivity and the de-subjectivization of surplus populations, new forms of collectivity as a shelter and citadel against state and capital.

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These artistic works are not alone in their thinking about forms of collectivity in contemporary Mexico; in fact, they take place against a background of or within a larger set of cultural, theoretical, and political meditations on and practices of producing collectivity outside of the state and capital. From among these processes stand out the Zapatista experience in Chiapas, governance in Oaxaca (and other states and localities) by *usos y costumbres* and the *policía comunitaria* in the state of Guerrero. These experiences, and the cultural and theoretical productions which have accompanied them, were part of a wave of indigenous-led resistance and organizing that spread across Mexico from the 1980s into the early 2000s. At the center of these movements was the notion of autonomy—which received various theorizations and was the

subject of much debate—but at whose core are ideas of self-governance, popular control, and direct democracy.<sup>182</sup>

These artistic works, in particular *Heli*, take up these collective processes in a much different environment than that of the 1980s or 1990s; namely, in the midst of the violence of the state-sponsored “drug war.” Since the events of Ayotzinapa, in which 43 students were disappeared on September 26, 2014 by Mexican state forces, how we understand the relation between the “drug war” and state violence has definitively changed. As Ivonne del Valle has written in a recent piece:

Ayotzinapa and the way the authorities have handled the investigation of the students forcibly disappeared by members of the state have revealed what many people already “knew”: that there is hardly any—or no—difference between rule of law (the juridical, military, and executive state apparatus) and criminality (drug cartels, illegal forms of accumulation—in the form of bribes, payoffs, “gifts,” etc.). Law and criminality are two sides that collapse into each other. (n.p.)

Ayotzinapa marks a definitive turning point in our understanding of contemporary Mexico in that it is impossible now to argue that the state and the “narcos” are separate forces and that the military and police forces are not involved at every level (and across every branch) in state-sponsored violence, extortion, kidnapping, *despojo*, and drug logistics.

In this situation, one is struck in these artistic works by the fragility of the forms or processes of collectization that are traced—how exposed they are to state violence and how asymmetrical the balance of force between the state and these collectivities feels. In Chiapas, Cherán, Ostula, Xochicuátla, and many other places around Mexico autonomous forms of governance have been successful in preventing or limiting, even during the most intense

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<sup>182</sup> For important and detailed discussions of the debates around theories of autonomy and communal governance see Héctor Díaz-Polanco “Siete Mitos sobre autonomía” and *La rebelión zapatista y la autonomía* (México: Siglo XXI, 1998) and Juan José Rendón Monzón, *La comunalidad: Modo de vida en pueblos indios* (México: CONACULTA, 2003) and Benjamín Maldonado Alvarado, *Autonomía y comunalidad india: Enfoques y propuestas desde Oaxaca* (Oaxaca: CONACULTA, 2002).

moments of the “drug war,” state violence, at least within the territories controlled by these communities.<sup>183</sup> However, amongst these social movements or communities, such as Cherán which has ejected all *políticos* and *partidos políticos* from their borders, we also know that long-term state campaigns of violence and criminalization have been generally successful, historically, in disarticulating or severely curtailing these kinds of autonomous movements.<sup>184</sup> There is a congruence, then, between the fragility of the forms of collectively seen in these artistic works and the complicated and difficult attempts to sustain autonomy against state violence on the ground, in particular after 2006 and Calderón’s declaration of “war.”

Thus, the last thirty years have seen a turn of the state away from the generation of non-revolutionary collectivities via corporatist infrastructures to the control of surplus populations via state violence, and that in multiple registers and social locations we have seen the development of powerful new means of the production of collectivities, but we have also seen the successful disarticulation or destruction of these new forms of collectivity by state violence. This is the fragile limit traced by works like *Heli* and *Norteados*: the limit of the contemporary is that we can imagine and bring into being new collective forms but are unable to sustain them against a fully militarized state apparatus.

### Conclusion: A Kind of Necropolitics?

Within cultural circles the most common interpretation of the post-drug war period has been, not via the idea of circulation, but through applications and repurposings of Achille

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<sup>183</sup> Moreover, since ideas of *comunalidad* are not necessarily based in an ethnic identity (though of course they do draw on indigenous cultural traditions) one can imagine that this form of successful, state-violence preventing governance is or can be generalizable to any area of Mexico.

<sup>184</sup> One of the most visible commentators on Cherán has been Orlando Aragón Andrade, see “La construcción de la diversidad jurídica desde el Estado. El proceso de oficialización de las justicias indígenas en Michoacán,” *Relaciones: Estudios de historia y sociedad*, 35.137 (2014): 115-147.

Mbembe's concept of necropolitics. In the Mexican literature, the concept of necropolitics as a site for thinking about the drug war and its cultural manifestations was given a significant boost by Cuauhtemoc Medina's 2009 edited volume on Teresa Margolles' work *¿De qué otra cosa podríamos hablar? / What Else Could We Talk About?* and again in the 2013 Medina edited volume *Estética y violencia: Necropolítica, militarización y vidas lloradas* (2013). In the English language literature it was perhaps Melissa Wright's 2011 article "Necropolitics, Narcopolitics, and Femicide" which increased the visibility of the term in U.S. Mexicanist circles. The usage of necropolitics has since expanded, particularly in Mexico, where it has been employed by many highly visible authors, including Marta Lamas, Diego Osorno, and Sayak Valencia.<sup>185</sup> By way of conclusion, then, I want to examine how the arguments developed in this chapter differ from a reading of Mexico as a necropolitical situation.

Achille Mbembe's notion of necropolitics draws on the work of Michel Foucault on the difference between biopolitical and sovereign power. For Foucault, biopolitics emerges with the dissolution of absolutist states which were founded on a power over life and death. Biopolitics represents a different kind of power, "the power to foster life or disallow it to the point of death" (*History of Sexuality* 138) aimed not at the individual, but at large groupings, at what Foucault terms "populations." Mbembe's intervention is to argue that biopolitics fails to explain the expansion of violence and death in the post-colonial present and thus the peculiar contemporary "relationship between politics and death." In his "Necropolitics," Mbembe traces how

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<sup>185</sup> The first usage of the term in cultural writing about Mexico that I have been able to find is a 2004 Medina essay "SEMEFO: The Morgue" collected in *The Mexico City Reader*, ed. Rubén Gallo, trans. Lorna Scott Fox and Rubén Gallo, Madison: University of Wisconsin Press, 309–26. Influential recent usages after 2009 include: Marta Lamas "Necropolítica y rehabilitación" (2015), Diego Enrique Osorno, *La Guerra de Los Zetas: Viaje por la frontera de la Necropolítica* (México: Grijalbo, 2012); and Sayak Valencia, *Capitalismo Gore* (Barcelona: melusina, 2010). The term has also been adopted into various forms of journalistic or commentary writing: <http://www.jornada.unam.mx/ultimas/2014/12/21/mexico-hoy-necropolitica-e-identidad-832.html> and <http://www.telesurtv.net/english/opinion/Ayotzinapa-Necropolitics-and-the-Media-as-Judge-and-Jury-20150926-0009.html>

contemporary forms of sovereignty, states, and parastates are produced, not through “inscribing bodies within disciplinary apparatuses” (34) but by killing them.

Mbembe’s focus is primarily on sovereignty and the state as a site of power and domination, and in particular the constitutive structuring of sovereignty as a state of exception:

[T]his essay draws on the concept of biopower and explores its relation to notions of sovereignty (*imperium*) and the state of exception.... As is well known, the concept of the state of exception has been often discussed in relation to Nazism, totalitarianism, and the concentration/extermination camps. The death camps in particular have been interpreted variously as the central metaphor for sovereign and destructive violence and as the ultimate sign of the absolute power of the negative.... My concern is those figures of sovereignty whose central project is not the struggle for autonomy but *the generalized instrumentalization of human existence and the material destruction of human bodies and populations*. Such figures of sovereignty are far from a piece of prodigious insanity or an expression of a rupture between the impulses and interests of the body and those of the mind. Indeed, they, like the death camps, are what constitute the *nomos* of the political space in which we still live. (12; 14)

But as we have seen throughout this dissertation, the state or sovereignty is not the only force in the field. One point at which capital does appear in Mbembe’s analysis is in the section on contemporary African states and the emergence of non-state actors (“war-machines” in Mbembe’s terminology). These actors emerge as state power begins to break down:

War machines emerged in Africa during the last quarter of the twentieth century in direct relation to the erosion of the postcolonial state’s capacity to build the economic underpinnings of political authority and order. This capacity involves raising revenue and commanding and regulating access to natural resources within a well-defined territory. In the mid-1970s, as the state’s ability to maintain this capacity began to erode, there emerged a clear-cut link between monetary instability and spatial fragmentation. In the 1980s, the brutal experience of money suddenly losing its value became more commonplace, with various countries undergoing cycles of hyperinflation (which included such stunts as the sudden replacement of a currency). (33)

These actors are predators and resource extractors—that is, part of their specificity is how they interact with a contemporary turn in global capitalism towards the extraction of natural resources.

War machines (in this case militias or rebel movements) rapidly become highly organized mechanisms of predation, taxing the territories and the population they occupy and drawing on a range of transnational networks and diasporas that provide both material and financial support.

Correlated to the new geography of resource extraction is the emergence of an unprecedented form of governmentality that consists in the *management of the multitudes*. The extraction and looting of natural resources by war machines goes hand in hand with brutal attempts to immobilize and spatially fix whole categories of people or, paradoxically, to unleash them, to force them to scatter over broad areas no longer contained by the boundaries of a territorial state. (34)

We might say Mbembe's account of capitalism is symptomatic but not systemic—war machines ride on the new forms of global capital flows but there is no account of where these flows originate and how they might interact in other ways with the kinds of necropolitical sovereignty that Mbembe is discussing. In other words, where Mbembe's text has trouble is in explaining the role or position of capitalism in this new relation between politics and death. At times, Mbembe's discussion of capitalism links it to a colonial legacy; at others capital enters the text as a set of vaguely defined economic transformations in the 1970s. He discusses both the colony and slavery, but does not touch on the role of capitalism in either, and the same is, as can be seen in the passages above, generally true of his discussion of the present.

A contribution that this chapter has sought to make is to provide an answer to the question of the role of capitalism in the new relationship between politics and death, by centering in our analysis the transformations in the forms capital accumulation and their subsequent social effects during the period of the long downturn. That is, the aim of this chapter has not been to focus on capital to the exclusion of the state, but rather to bring capital back into our

understanding of states and sovereignty and the turn of states away from producing collectivities to disrupting their formation via state violence. We have seen how Mexico after 2001 has been marked by a turn away from production into circulation. As investment in production decreases, more and more individuals are forced into the informal economy. The turn to circulation has been driven by a surplus of global capital which has, in turn, produced a vast surplus population globally and in Mexico. The state, which once directed much of its attention to the production of non-politicized collectivities of individuals interpolated into the productive apparatus in specific ways, was confronted with a growing population outside all its traditional means of control—to which the Mexican state has responded by an unprecedented militarization and state-enacted, sponsored or legitimated death and destruction.

Thus, a new relationship between death and politics is surely at the center of the contemporary, but in a different way than theorized by Mbembe. Rather than only an outcome of the fragmentation of sovereignty, the constitution of modern sovereignty by the state of exception, and the expansion of biopolitical practices into the realm of death, the forms of death and destruction witnessed in contemporary Mexico have been driven by a need to solve the twin problems of surplus population and surplus capital. This difference matters, in particular, when we specify what exactly it is that the state is doing when it commits or permits acts of state or para-state violence. In a necropolitical frame, the state or para-state actors are merely re-enacting the fundamental constitutive nature of sovereignty (the state of exception) on a new terrain (no longer the plantation, colony, or camp, but the present of the post-colony). If however we include in our analysis how the long downturn has produced an ever growing surplus population, state violence takes on a different hue: it is at once more specific (directed at certain sectors of the population, i.e., those no longer necessary for capital accumulation) and more historical (this

state violence, while it may take a similar form, has a different etiology than the violence of the colonial, nineteenth century, or dictatorial state).

Moreover, this difference in emphasis matters, once again, when it comes to thinking about how we might exit this situation. An analysis based solely in necropolitics will lead us to focus primarily on the state: on how to improve sovereignty, dismantle it, or eliminate the state of exception. Whereas the inclusion of both state and capital into our analysis will led us to ask how we might extract ourselves from the dominion of each. Thus, much like how necropolitics can explain the behavior of the state in the present but not how we arrived at a situation in which a sea of capital and a sea of humanity confront each other, an analysis of the present based solely in a critique of the necropolitical state will save us from that state only to then leave us at the mercy of capital.

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## **Conclusion**

### **Towards a Politics Neither of Nor at a Distance from the State**

On the other hand, however, in view of the fact that the rate at which the total capital is valorized, i.e. the rate of profit, is the spur to capitalist production (in the same way as the valorization of capital is its sole purpose), a fall in this rate slows down the formation of new, independent capitals and thus appears as a threat to the development of the capitalist production process; it promotes overproduction, speculation and crises, and leads to the existence of excess capital alongside a surplus population.

--Karl Marx, *Capital Volume 3*

If there is one feature that dominates and unifies most political formations in Latin America today, it is the state. This has been apparent in the neo-structuralist policies of the *marea rosada* and in the resurgence of new developmentalist literature before and after the 2008 financial crisis. We might say that there exist four different political orientations, which, without exhausting all contemporary formations or political movements, are conditioned by a specific vision of the relationship between the state and politics. These four orientations I will term: developmentalist, state socialist, democratic, and at-a-distance.<sup>186</sup>

The developmentalist orientation has its roots in the import substitution era and the theoretical work of Raúl Prebisch. Within this literature, the central problem is how imperialism, foreign domination, or metropolitan countries have interrupted, forestalled, or undermined the industrialization process in Latin America and the capitalist periphery more generally. A successful political program in this tradition involves using the state to foster capitalist

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<sup>186</sup> These categories are not intended as representations of actual movements, which frequently tend to blend elements from different categories.

development. As such, partisans of this position place great emphasis on the state as a partner of domestic capital and as a check on (in theory, if not always in practice) foreign or international capital.

State socialism derives from the revolutionary side of the dependency theory tradition and from anti-imperialist critiques from within Trotskyite and Marxist-Leninist formations. This tradition has a slightly more transformational approach to the state. Rooted in Lenin's work in *The State and Revolution* (1917), the state is seen as a set of functionalities, some of which can be repurposed in a socialist society. Most frequently the part of the state designated for repurposing is the bureaucracy which will be expanded to accommodate the additional layers of administrators necessary for managing a planned economy. Moreover, in this tradition, the state serves as a tool for socializing or nationalizing capital—seizing the state is a means towards the end of using it to wrest (parts of) the means of production away from capitalists.

The democratic orientation designates positions which emerged or which were strengthened in the various (and multi-faceted) democratic turns or openings that occurred beginning in the 1980s (in Brazil with the end of the dictatorship and, later, in Mexico with the loosening of the PRI's hold on state power). This tendency would include progressives, center-left liberals, and social democrats of all stripes—to the extent that their political vision is of the successive improvement of democratic institutions and the expansion of the welfare state, but always within the context of a market-based economy where private property is upheld.

The final position, at-a-distance, includes some autonomist social movements and horizontalist groups, which, like previously revolutionary approaches, have a politics that is antagonistic to the state but which also, unlike prior revolutionary traditions, does not seek the overthrow of the state. These movements operate, to greater or lesser degrees, on a terrain

defined by taking a distance from the state, but one which also, frequently, assumes the legitimacy of the state as an actor. The political goal of these kinds of groups most often involves establishing some form of regional or local autonomous power and using this localized form of power (in a neighborhood for example) to both self-govern locally but also make demands on the state.

That most political movements can be characterized in one of these ways demonstrates the degree to which the state lies at the center of contemporary, and indeed twentieth century, Latin American political thought and practice. Developmentalist formations see the state as a buffer against capital and catalyst of industry. For state socialists, the state is a means for seizing control of critical elements of the productive apparatus and a site for their rational planning. Democratic movements see the state as a guarantor of rights and redistributor of wealth. At-a-distance movements frequently accept the state's juridical sovereignty while militating for forms of local or regional authority. The first two positions have their roots in an early twentieth century moment in which Latin American countries were not yet industrialized; the second two in the period of the long downturn when states went on the offensive against labor and marginal sectors as capital accumulation began to fail. The goal of developmentalists or state socialists is to foment industrialization, economy growth, or technological development (under capitalist, mixed, or fully socialist regimes). The goal of democratic or at-a-distance movements is to reinforce distributions of rights or citizenship and protect against the excesses of states which are ceasing to perform their post-WWII role of mediator between capital and labor.

One through-line of this dissertation project has been to track how the state has transformed itself across the long downturn, under the twin pressures of surplus capital (finance), on the one hand, and surplus population, on the other. What current political formations which

are either state-centric or at-a-distance seem unable to grapple with is how the state has been transformed in the present and under the force of these twin pressures. If global capitalism in the present is defined by the dual conditions of surplus capital and surplus population, we could picture the Latin American state at the center of these forces, responding to and transforming in response to them. What I want to discuss, by way of conclusion, is how, as result of the spread of surplus capital and surplus populations, we can no longer look to the state as a buffer against capital, a redistributor of wealth, a guarantor of rights, or a tool for the socialization of the means of production.

#### The Dual Transformation: The State after Surplus Capital and Surplus Population

As discussed in the introduction to this dissertation, finance has never really been at the center of leftist or Marxist political or social theory, which is one of the reasons the last decade has been so interesting, at least intellectually, to live through. Generally speaking, there are three positions with respect to finance which circulate in left-orientated literatures. The first, with its roots in Hilferding, Lenin, and Bukharin's early twentieth century work, and which was extended by dependency thinkers in Latin America, sees finance as a site of imperial control or vector for disciplining peripheral countries. The second, most often associated with Keynesians or post-Keynesians but which is also found in dependency theorists and mainstream economics, is of finance as a necessary accompaniment to industrial production. In this work, the financial apparatus performs the (necessary) labor of absorbing surplus capital from workers and certain industrial sectors and (rationally) allocating it others. The final social theoretical vision of finance draws on arguments in Volume 3 of *Capital* where Marx notes that the creation of joint-stock companies (that is, companies under the control of banks and financiers) has consolidated

industrial sectors, pulling these means of production out of the hands of individual capitalist producers. Marx argues that this is a *de facto* socialization and that it is possible that a turn to financial control (what we might call financialization today), in fact, prepares the ground for socialism or communism, making easier (or less complicated) the appropriation of these sectors by the state or proletariat. This utopian vision is a minority one, but is visible in certain contemporary authors, most notably in Hardt and Negri's *Commonwealth* (2011).<sup>187</sup>

Beginning in the 1950s and 60s, Latin American states began to transform themselves, building the human capital and material infrastructures necessary to chase and attract foreign capital. Since this time, these parts of the state apparatus have only grown—which is a transformation that the three dominant schools of leftist social theory of finance are unable to track. After the 1982 debt crises, the state apparatus concerned with finance grew massively, as stock markets, pension funds, derivatives exchanges, and mass consumer credit lending were introduced into Latin American societies. All these changes were, in a sense, building an infrastructure to handle the new pools of surplus capital that had begun to slosh around the globe in the 1970s. In Mexico, the developmentalist apparatus of development banks like Nafinsa was replaced with a financial and regulatory apparatus designed to make pension funds, derivatives, the stock market, and personal lending functional. In Brazil, developmental banks were not

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<sup>187</sup> Their view of finance is clearly informed by this strain of Marx's thought; however, instead of preparing the socialization of the means of production, finance capital, for them, "socializes" on a representational plane, the commons:

Finance capital is in essence an elaborate machine for *representing* the common, that is, the common relationships and networks that are necessary for the production of a specific commodity, a field of commodities, or some other type of asset or phenomenon. This representation involves an extraordinary process of abstraction from the common itself, and indeed financial products take on ever more abstract, esoteric forms such that they may refer not to production directly but to representations of future production or representations of representations. . . . Abstraction itself, though, is possible only because of the social nature of the wealth being represented. With each level of abstraction financial instruments grasp a wider social level of networks that directly or indirectly cooperate in the production process. This power of abstraction, in other words, rests on and simultaneously mystifies the common. (157-8)

replaced like in Mexico, but were financialized, which, along with the production of pension funds, stock markets, etc., transformed the state-led industrialization apparatus into a financial one. In both Mexico and Brazil, the spread of global surplus capital produced new layers of the state apparatus concerned with finance, while shrinking (or financializing) those concerned with “development” and with the supply of cheap industrial inputs so characteristic of the state role during import substitution strategies.

At the same time, the autonomization of industry and, in particular, of agriculture, as well as the global redistribution of the productive apparatus, began to displace, in massive numbers, industrial and agricultural laborers, creating what sociologists in the 1960s and 70s such as José Nun would call the “marginal mass” and Aníbal Quijano the “marginal pole”<sup>188</sup> and what others would later call the “informal sector.” As this process has accelerated through the 1980s and 90s with the shrinking of parts of the public sector (particularly in Mexico), there has been a transformation of the state apparatus directed at labor (paralleling the transformation of the apparatus once directed at industry). Recently, there has been, as austerity and structural adjustment have crept northward, a great deal of attention paid in North Atlantic intellectual communities to the expansion of expendable populations world-wide and a return to the term “surplus population” to describe them. In the vast majority of this work, however, the discussion is always of the capital-labor relation and how autonomization reduces the size of the needed labor force—almost never is the role of the state invoked.<sup>189</sup> We have seen throughout this

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<sup>188</sup> See José Nun, *La marginalidad en América Latina. Planteo general del estudio e informe sobre trabajos en curso* (Santiago: ILPES-DESAL, 1967) and Aníbal Quijano, *Notas sobre el concepto de marginalidad social* (Santiago: CEPAL, 1968). The work of Roger Vekemans developed a non-Marxist understanding of the category of marginality: see *Marginaliad, Promoción Popular y Neo-Marxismo* (Bogotá: CEDIA, 1976). For a summary of these debates see Cristóbal Kay, *Latin American Theories of Development and Underdevelopment* (London: Routledge, 1989).

<sup>189</sup> Michael Denning, “Wageless Life,” *New Left Review* 66 (Nov/Dec 2010): 79-97 and Jan Rehmman, “Hypercercation: A Neoliberal Response to ‘Surplus Population,’” *Rethinking Marxism* 27(2): 303-311 are two exceptions to this tendency.

dissertation how the response of Latin American states to the expansion of surplus populations has been militarization and an increase in state violence.

Perhaps this transformation of the state apparatus is similar to that of the United States, traced by authors such as Loïc Wacquant and Ruth Wilson Gilmore. In his work on the U.S. criminal justice and caracel system, Wacquant has persuasively argued against the standard understanding of the neoliberal period as one of “shrinking states”—rather there has been, in Wacquant’s account, a transfer of resources from the welfare state to the carceral state.<sup>190</sup> Gilmore’s work has tracked a similar shift in the U.S. state (particularly in California), which she names as a transition from “workfare” to “warfare.”<sup>191</sup> Across the long downturn in Latin America, states have reduced or atrophied those parts directed towards labor, whether in the form of welfare or dedicated to mediating their relation to capital (usually the corporativist infrastructures). As the informal or surplus population has grown, a population that is outside the prior corporativist structures and outside the primary mediation device of the wage, the state has had to create new infrastructures for controlling these populations, infrastructures which have taken the form of the expansion direct police, military, and paramilitary force and the acceptance of their use against civilian populations.

In short, this has been the transformation of the Latin American state in the post-development period: the bureaucratic layers associated with industrial promotion and capital-labor mediation have been replaced (clearly, to different extents and at different rates in different countries) with capacities for promoting always-failing financial accumulation and for the violent policing and subjection of surplus populations.

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<sup>190</sup> See Loïc Wacquant, *Punishing the Poor: The Neoliberal Government of Social Insecurity* (Durham, NC: Duke University Press, 2009), in particular pgs. 287 *passim*.

<sup>191</sup> See her work in *Golden Gulag* (Berkeley: University of California Press, 2007).

What conclusions can we draw from this? If we want to think about the possibilities for politics in the Latin American present, we have to think those possibilities as rooted in this set of conditions—which means that we can't rely on imaginaries rooted in prior historical moments of either industrialization or democratization. It means seeing how states are, in fact, thoroughly involved in the promotion of always failing finance-led accumulation, which is often predatory on the most marginalized sectors of society (either through predatory lending or through the socialization of the costs of financial crises). As well, we have to see how states have armed themselves against their citizens—developing cadres, technologies, intellectual and discursive production, and infrastructures whose only reason for existing is to kill, disappear, and cover up and normalize.

Starting from these conditions and from the state-centricity of most left formations in Latin America today, would mean, at minimum, introducing new forms of anti-state political theory into the left. With forces like the BOPE in Brazil and state-sanctioned paramilitaries in Mexico, it appears no longer enough to hope for the repurposing of the state or working at a distance from it. Some other kind of strategy will have to be thought of—one which is anti-state but which also avoids a direct confrontation with this militarized state (which would be suicide). Perhaps somewhat ironically, reintroducing anti-state discourses will also mean the need to develop new forms of anti-capitalist thought within the Latin American left. For if the state is no longer interested in “defending” certain kinds of labor, it also no longer serves as a buffer to capitalism or as a (potential) tool for the socialization of the capitalist means of production. Thus, without the state to rely on to protect us either in the present or in an imagined socialist future against capital, it is our politics that will be charged with this task. Detaching ourselves from the horizon of the state, which has been the horizon of politics in the twentieth century and

so far in the twenty-first, will mean thinking anew about how to disable and dismantle this enigmatic source of so much pain, and it will also mean learning to think anew, that is, also outside the horizon of the state, about how the transformation or abolishing of capitalism might proceed.

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