

THEORIES AND METHODOLOGIES

The Metaeconomics of Hernan Diaz's *Trust*

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The metafictional form of Hernan Diaz's novel *Trust* offers insight into the narrative foundations of economics, revealing how the discipline employs world-building techniques—rather than empirical reality—as the foundation for its theories. The novel's plot critiques capitalist structures as exploitative while its form simultaneously models how they are disconnected from material reality. *Trust* draws our attention to the financialized economy as an exercise in substituting models for materiality, with inevitable distortions and lost data.

Whereas classical liberalism drew on physics to theorize the market as a system tending toward equilibrium, a central problem in the neoliberal financialized economy is that the system now functions because of the impossibility of equilibrium (Vogl 57), even as ever-more-exotic financial instruments seek to manage this instability. A new set of metaphors and mathematical formulas, drawing from stochastic statistics,¹ underpins today's econometrics, but popular understandings of the economy still rely on an older narrative that naturalizes market forces as akin to laws of nature. Econometrics shapes the metafictional structure of Diaz's novel, while its plot foregrounds the gap between what is narrated and a more complex material reality. Just as realist fiction often obscures its fictionality, the discipline of economics relies on modeling that it later seems to forget is an abstraction from reality, rather than reality itself. These econometric techniques eclipse materiality, and this mystification, as Diaz conveys in his novel, is a key vector of the damage done by financialization. *Trust* illuminates the shift from an older version of political economy that relied substantially on narrative to the hegemony of econometric reliance on mathematical models whose origins in abstraction are obscured, even forgotten. This analysis of the *form* of econometric prediction as inherently flawed, certain to prompt

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more crashes even as it claims to be hedging risk, sets *Trust* apart from other recent novels that interrogate banking and finance.

Mary Poovey shows how literary techniques were integral to the emergence of representational forms of money, chiefly through differentiating economic writing (concerned with facts and information) from imaginative writing (concerned with meaning and style). This split enabled money (a form of credit) to “seem simply to be valuable, not to represent or mediate deferred value” (35). To the degree that imaginative writing remained concerned with economics, it was merely “to mine contemporary financial events for characters and plots,” which “paradoxically cultivated in readers a tolerance for ignorance about the very financial mechanisms political economists sought to explain” (9). We live in that ignorance today, and most novels critical of capitalist excess nonetheless do little to change that ignorance, focused as they are on the *cultures* of capitalism rather than *techniques* of trading. *Trust* demonstrates why the conceptual bifurcation of writing into literature-as-fiction and economics-as-fact needs to be challenged, drawing attention to how representation shapes the reality it materializes, in both narrative and econometrics: both selectively include specific aspects of reality in their models of its totality.

The novel is composed of four narratives: a novel-within-the-novel, “Bonds”; “My Life,” by Andrew Bevel, notes toward an autobiography by the financier on whose life “Bonds” is based; “A Memoir, Remembered,” by Ida Partenza, Bevel’s ghostwriter, whose retrospective narrative encourages us to compare the 1930s of the memoir’s composition with the 1980s from which she looks back; and “Futures,” an elliptical diary written by Mildred Bevel, Andrew’s wife, that Ida discovers in the 1980s, which reframes her—and our—understanding of the previous texts.

“Bonds,” by Harold Vanner, tells the story of Benjamin and Helen Rask, whose wealth ostensibly derives from the trading genius that enabled Benjamin to short the market before the 1929 crash. The title “Bonds”—like *Trust*—has a double meaning, denoting intersubjective dependencies in

relationships and financial instruments in banking. “Bonds” is realist, and although Vanner refrains from the symbolic exaggerations of a writer like Charles Dickens, his novel links the Rasks’ spectacular wealth to criticisms of Benjamin as cold, abstracted from human relations just as his job abstracts him from the day-to-day labor activities on which his wealth depends. It explores the origins of Benjamin’s family fortune, showing how at each turn (the crashes of 1893 and 1907, his own triumph in 1929), Rask men stood ready to profit from market crises. “Bonds” seems to suggest that indifference toward the damage to others that follows from such accumulation is the result of Rask’s personal shortcomings, not of the inherent tendencies of financialized markets or the orthodoxies that support them. Rask’s first market triumph is linked to the Panic of 1907, believed by some to have been engineered by the cartel of industrialists. Yet the wealthy, organized by J. P. Morgan, provided a loan that solved the liquidity crisis, seeding a narrative according to which the accumulation of wealth by some serves the greater good of all.²

Rask specializes in “short-term investments and . . . high-risk trades in options, futures, and other speculative instruments” (14). He focuses on capital itself, which is “clean,” unlike the messy world of businesses and people entangled in trades: “There was no need for him to touch a single banknote or engage with the things and people his transaction affected” (16). Yet the omniscient narrative voice of “Bonds” has a satiric tone, simultaneously giving voice to Benjamin’s naturalization of the market and mocking this absurdity, as in this assessment of the Crash of 1929: “Whatever caused the slump that, in turn, became a panic, one thing was clear—none of those who had helped to inflate the bubble felt responsible for its bursting. They were the blameless casualties of a disaster of almost natural proportions” (73).

“My Life” comprises the notes Ida takes during her conversations with Andrew Bevel. In contrast to the rich descriptions offered by “Bonds,” Bevel’s reminiscences are uneven, at times the reflections one might expect in a memoir, at others a shorthand of words or phrases that Ida is expected to expand.

He is most loquacious when discussing motivations for his life as a financier or defending against what he considers the unjust vilification of his class during the Depression. The main theme of these notes, and one of the chapter titles, is “Prosperity and Its Enemies,” which outlines the doctrines of market freedom and explains how Andrew and his male ancestors made shrewd decisions based on skill, entitling them to their riches. In this section, form is key to understanding Diaz’s achievement. Most chapters, especially those on Andrew’s education and early years, are made up of mere sketches rather than prose narrative, some only a title without content. Andrew’s insistence that he is a self-made man entails a reluctance to credit the larger social and familial structures that underlie his success. The very things these notes can only gesture toward—family scenes, feelings, daily activities disconnected from the market—are also the things that the discipline of economics tends to dismiss as “externalities” in its models. The paucity of Andrew’s narrative mirrors the degree to which he inhabits life merely as the *homo economicus* ideal, a person for whom maximizing value is all.

The structure of “My Life” also mirrors econometric models derived from mathematics that become central to economic theory and policy following World War II, both in a tendency to strip away or simplify much of the world to create the model, and in the degree to which the model becomes conflated with the real. Kevin R. Brine and Mary Poovey show how the thing we call “the economy” is a metaphor, a model through which a range of social and economic activities are codified into mathematical tables and presented as factual data to inform policy and investment decisions alike (56). By carefully tracing the rise of econometrics through various stages of economic theory and US policy, they remind us that the statistical data that constitute metrics such as GDP and stock indices such as the Dow Jones are precisely that: stand-ins generated by sampling and extrapolation, not real-time measures—much less indicators of what such activity might mean for everyday lives. Models are a kind of fiction or world-building: “the relationship or event presented in the model

does not exist in its model form outside the model itself, and one of the purposes of models is to create something that does not exist—because it is simpler, more abstract, and more easily manipulated than its real-world counterpart” (10).³

Such modeling has become the “definitive methodology of economics,” displacing “literary” modes of theorizing that dominated the writings of earlier economists” (9). Brine and Poovey explore how the increasing reliance on mathematical models has made it more difficult to perceive connections between econometrics and the contingent world of human activities. Models make theory and method indistinguishable and thus obscure theory (arrived at through debate) in a focus on methods that are made to appear neutral because they are expressed by way of mathematics. Due to the erasure of the labor required to create data, metrics that are “the products of complex statistical work, as well as painstaking research and fiercely debated theoretical assumptions” were accepted as facts. This shift toward understanding economics as a science extrapolated from inherent laws of the market transforms factors once narratively explained into weighted data. Real-world complexity is thus “translated” into stochastic methods, tilting the balance toward model and away from world (161). In *Trust*, Andrew’s evident manipulations to create his memoir guide us to recognize that the market orthodoxy he professes rests on similarly shaky ground. He is prone to pronouncements such as “The market is always right. Those who try to control it never are” (181), and he blames women and other unsophisticated investors for the Crash of 1929, anticipating later rationales for the 2008 bank bailouts that blamed racialized homeowners for irresponsible uses of credit. Diaz’s method of rendering Andrew’s sparse notes, immediately following the realist “Bonds,” draws attention to form as a key to interrogating the effects of capitalism.

Ida’s memoir *re*-membered emphasizes form as she puts the pieces of the Bevels’ life together into a new picture once she discovers Mildred’s diary. The contrast between Ida’s life as the daughter of an exiled Italian anarchist and the world of privilege she glimpses in her interactions with Andrew

provides another perspective on the history of class struggle implicit in Andrew's account of his family's achievements. Ida's identity as a novelist encourages us to recognize the role of Andrew's fictionalization of materiality as a training ground for her craft. She is hired to counter the narrative seeded by "Bonds," which Andrew describes as a "fiction [that] demands to be countered with facts" (237): as we have seen, Andrew's fictions—the fictions of economics as a discipline—believe this simple binary. Andrew describes the job as merely that of a secretary to take dictation, yet he asks applicants to write their own biography when he interviews them. Ida writes in a speculative mode, anticipating the future rather than recounting the past, mimicking the proleptic temporality of financialization. Her skill in anticipating rather than recounting marks her as someone suited for the invention Andrew needs. Andrew often ends their meetings with the instruction that she add "[a] few little stories" to provide depth to his cursory notes (145). Her job is thus to concretize an abstracted, mathematical version of reality into the materiality of full human existence, almost as if to reverse econometric modeling. Like the economic models that create an idealized version of the market, which they substitute for reality, Andrew wants to create an image of the financier as heroic that he believes will manifest the truth of this fiction. Ida turns to fiction to achieve the voice Andrew wants: hagiographic memoirs by leaders, including portraits of wealthy industrialists such as Andrew Carnegie and Henry Ford; novels about the Gilded Age; and, tellingly, advertisements promoting luxury brands and lifestyles (311). She discovers the degree to which Andrew, accustomed to taking models for materiality, believes in the fictions she writes when he repeats back to her an anecdote from her own childhood, which Ida had inserted as a "little story" of domestic intimacy between Andrew and Mildred, forgetting the story's origin and presenting it as a true memory.

Ida's part of the novel is doubled in time, alternating between the narrative of her experience with Bevel and her reflections on this experience from the vantage point of the 1980s. She faults her younger self for failing to challenge Andrew's framings, a

hesitancy connected to her conflicted feelings about her father and his politics.⁴ For example, she reads a passage that appears in "My Life" describing the origins of the family fortune in the decision to trade in cotton and sugar. The older Ida reflects, "I think of my father. He would always say that every dollar bill had been printed on paper ripped off a slave's bill of sale. . . . All throughout history, the origin of capital has been slavery. Look at this country and the modern world. Without slaves, no cotton; without cotton, no industry; without industry, no finance capital" (299–300). Yet Andrew's narrative is silent about this materiality, speaking only of markets and smart choices to invest in specific commodities.

What Donald McKenzie describes as the power of economics to function as an "engine" shaping materiality is evident in *Trust*. Andrew tells Ida, "My job is about being right. Always. If I'm ever wrong, I must make use of all my means and resources to bend and align reality according to my mistake so that it ceases to be a mistake" (266). This is true not only of his market predictions but also in the memoir project. He buys the publishing house that owns "Bonds" and prevents any other work by Vanner from being published, also buying to pulp all copies of "Bonds." Ida discovers that wealth gives Bevel the power to script political reality when visiting the New York Public Library: not only is there no trace of Vanner in its holdings but he is absent from the card catalog, leading Ida to conclude, "[Bevel's] fortune bent reality around it. This reality included people—and their perception of the world, like mine, was also caught in the gravitational pull of Bevel's wealth and warped by it" (317).

Out of fear of his wrath should she break confidentiality, Ida creates a false version of the memoir that she leaves in the apartment she shares with her father. The young Ida believes this decoy necessary to prevent her father from leaking content to his anarchist comrades. The duplicate narrative mimics, at the level of form, the disparity built into markets: the theory of their efficiency presumes trade in a context of "perfect" information, but the reality relies on leveraging disparities in information or

in the timing of when information is available, always privileging better capitalized investors. The efficient market hypothesis naturalizes markets, obscuring political policy that creates and sustains them at the expense of other ways of organizing productive activity.⁵

Contrasting what is sometimes described as the “real” economy of goods and services with the financialized economy that grows through rents of various kinds, Ida’s father connects the exploitation of financialization to the fictions that sustain the capitalist economy: “Money is a fantastic commodity. You can’t eat or wear money, but it represents all the food and clothes in the world. This is why it’s a fiction”; he concludes, “[F]inance capital is the fiction of a fiction” (216). Yet as we have seen, it is a fiction with the power to bend reality, and so simply naming it as fictional is not sufficient, as we see in the older Ida’s regret that she was caught in the “gravitational pull” of wealth, warping her sense of reality (317). The young Ida is frustrated with her father’s precarity, his insistence that he “had not come to the United States to prosper; revolting against the very idea of prosperity had been what had pushed him to America in the first place” (214). By the 1980s, the novelist Ida has researched anarchists as she tried to learn her father’s history. Noting that in the United States anarchists and anyone of Italian origin were systematically persecuted during the period when her father fled Italy, she reflects on the importance of the stories we tell for how we inherit our histories. She has discovered that “about five hundred anarchist periodicals were published in the United States” and reflects on the erasure of “that vast number of publications and the even vaster number of people behind them” from American history (282). Like Andrew’s purging of Vanner from the public record, the story written by capitalists has warped our sense of history, substituting a version intended to erase the history through which people have repeatedly struggled against instead of capitulated to or embraced inequality.

Control over narrative thus shapes the conditions of possibility—or erasure—of certain kinds of political imaginaries. Ida’s father is a typesetter,

and his work gives him a unique relationship to representation, which has helped him retain his revolutionary perspective. Ida explains, “He also told me the biggest influence of his work in his life had been that it had taught him to see the world backward. This was the main thing typesetters and revolutionaries had in common: they knew the matrix of the world was reversed, and even if reality was inverted, they could make sense of it at first glance” (290–91). This motif of inversion speaks as well to the critique of the financialized economy in which the relationship between humans and productive activity has an inverted form: the economy does not serve to create goods driven by human need, but humans must align themselves with the purported laws of market activity. The image of reversal is central to Diaz’s engagements with form: econometric models reduce the complexity of the world to the simplicity of our ideas about it, thereby creating priorities that are the inverse of what we need.

Ida recovers a fragment of Mildred’s diary in an archive, which we see in the final section, “Futures,” written during the months when Mildred was dying of cancer. Like *bonds* and *trust*, *futures* has a specific financial as well as everyday meaning. While Ida worked on the memoir, the absent Mildred was a mystery, although Andrew asserted that the purpose of the memoir was to defend his wife’s memory against the distortions of “Bonds.” Mildred’s story is difficult to find, not only because Andrew deliberately substitutes his own version in place of the highly intelligent real woman but also because her methods of documentation are difficult to decipher: her notes are terse and often in a shorthand of abbreviations, and her handwriting is terrible. Ida tries to fill in missing details by examining her blotting paper, that is, an imprint that is the inverse of what Mildred wrote. The diary reveals that Mildred is a mathematical genius who guided Andrew’s trades, and, more tellingly, that the most successful trade made without her assistance was accomplished by fraud: Andrew paid a keyboard operator to provide him with information before punching it into the ticker tape machine. This exploitation of a temporal advantage speaks to the uneven distribution of information that belies the

model of market efficiency, as well as to the practice of capitalizing now on what might happen that is the essence of futures trading.

Mildred's narrative confirms that trading can shape, and not simply anticipate, the market. When trades occur in quick succession, the human operators entering the data cannot keep up, and Mildred discovers that "[b]y trading in outsized amounts + inciting bursts of general frenzy, I started creating the lags" (386). Through her engagement with music, she understands short selling as an inversion of time: "Short selling is folding back time. . . . D F# E A / A E F# D. A song played in reverse. But going against the mkt., everything is turned on its head: the more a stock is depreciated, the larger the profit, and vice versa. Every loss becomes a gain, every increase a drop" (398). Mildred sees with clarity that massive profitability cannot be achieved without causing economic hardship somewhere. Diaz links Mildred's emotional devastation over the consequences of the 1929 crash to her cancer, a disease of excessive growth. Her skill at seeing the world itself through the veil of mathematics means that she, like Ida's typesetter father, can see the real world behind the inversion, the materiality beyond the economic model—and it is something she literally cannot live with. Once we understand the structural exploitation of capitalism, *Trust* suggests, neither can we.

NOTES

1. Such statistics are random, using regression analyses that put two factors in relation and eliminate all other factors. They draw causation from this formula even though it is stripped of context.

2. These same men later met at Jekyll Island to create what would become the US Federal Reserve system, which enabled some financial stability but also ensured that a banker-class, non-elected person would have control over monetary policy, ultimately leading to the situation in which banks were "too big to fail" and had to be bailed out by taxpayers.

3. This fact is presented as neutral within economists' dominant understanding of their discipline. Critics of neoliberalism suggest that the models may also be used to rationalize the desired political form of the economy, making it a matter of technocratic management rather than political debate. By attributing everything to individual preferences, such models deny the possibility for—and thus obscure the reality of—structural and systemic exploitation. See Slobodian; Mirowski.

4. There are also important themes about gender and power relevant here and elsewhere, but space precludes exploring them.

5. See Slobodian. Brine and Poovey note, "[T]he models that drive economists' policies and financial theorists' products typically omit any consideration of institutions or historical context, and any model assuming the concept of the representative agent is silent on income distribution effects" (372). Mirowski calls the simultaneous yet contradictory belief in natural markets and policy that protects them from democratic oversight the "neoliberal thought collective" (e.g., 38) and accuses modern economics of being a discipline of agnotology.

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