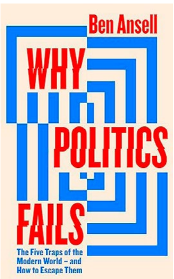
Book reviews

Ben Ansell · 2023

Why Politics Fails: The Five Traps of the Modern World – and How to Escape Them.

New York, NY: Viking

Reviewer Bo Li
Delft University of Technology
b.li-2@tudelft.nl



Casting a discerning eye on the intricate landscape of politics, Ben Ansell of Oxford University, in his new book *Why Politics Fails*, undertakes a profound exploration of the formidable challenges and pitfalls that impede the realization of collective objectives. He dissects the traps of democracy, equality, solidarity, security, and prosperity, unveiling how self-interest often undermines these very goals. By understanding these traps, the book offers valuable insights on how to navigate and overcome them, ultimately making politics more effective in addressing the complex problems of our world.

The book is divided into five parts, each corresponding to a collective goal. It maintains a consistent structure throughout, starting with a pivotal historical event, followed by the definition of the goal, an exploration of the associated trap, and concluding with strategies for escaping these traps.

In the first section, "Democracy," Ansell uses the Brexit referendum of 2016 as a prime example to illustrate the democracy trap. After the majority voted to leave the EU, the complex task of implementing Brexit emerged. Various options and trade-offs, such as remaining part of the EU's single market or customs union and addressing the Irish border issue, had to be considered. However, attempts to pass a Brexit bill in Parliament faced repeated defeats, reflecting the diverse interpretations of what Brexit should entail among different factions. This example highlights the challenge of translating the "will of the people" into practical policy decisions when there's no clear majority preference among Members of Parliament (MPs). Even when MPs were asked to approve or disapprove of different Brexit options, no single option garnered a majority. This illustrates the intricacies and complexities of democracy in practice. To escape the democracy trap, Ansell suggests a multi-pronged approach. It involves the redesign of political institutions, enhancing democracy through increased participation, fostering norms of active listening and deliberation, and maintaining the stability of these institutions.

In the second section, "Equality," the book opens with a compelling example: Jeff Bezos's journey into space. This spotlight on Bezos's immense wealth serves to underscore the stark disparity between his financial standing and the working conditions of Amazon employees. Ansell delves further into the multifaceted understanding of equality, emphasizing the variations among different ideologies and thinkers. Free market proponents and libertarians underscore the importance of equal rights, particularly in property ownership and market transactions. However, they do not necessarily advocate for the equal distribution of resources based on factors like effort, need, or merit. In contrast, socialist thinkers, particularly in the Marxist tradition, argue for equal access to the means of production and prioritize equal outcomes over equal opportunities. The crux of this section revolves around what Ansell calls the "equality trap." It describes the dilemma that arises when striving to achieve both equal rights and equal outcomes in society. The book posits that achieving complete economic equality might necessitate curtailing economic rights, potentially infringing on individual freedoms. Conversely, prioritizing economic freedom can lead to a society dominated by the wealthy, with limited avenues for economic redistribution. Ansell aptly dubs this conundrum a "toothpaste problem" – if we push down on inequality in one part of the tube, it tends to accumulate elsewhere. To escape the clutches of the equality trap, the book advocates for a balanced approach that considers both economic rights and outcomes. This entails addressing gender inequalities, tackling inequities within households, implementing progressive taxation policies, and making strategic investments in education and regulation.

In the third section, "Solidarity," the book kicks off with a pertinent example: the Affordable Care Act (ACA), more commonly known as Obamacare. The ACA was a significant attempt to address the pressing issues of soaring healthcare costs and the lack of coverage for a substantial portion of the population. However, its implementation encountered significant opposition and stirred controversy. The "solidarity trap" discussed in this section is influenced by various factors. These include the uncertainty surrounding the future, the boundaries of solidarity limited by factors such as ethnicity, religion, language, or nationality, a lack of knowledge about our fellow citizens, and the potential for individuals to exploit policies aimed at fostering solidarity for personal gain. For instance, it's often challenging for individuals to prioritize solidarity when they are currently in a comfortable position, not considering the possibility of needing support in the future. This uncertainty hampers people from fully embracing self-insurance and effectively managing their financial resources over their lifetime. The book posits that we tend to care about solidarity only when we find ourselves in need, thus encapsulating the essence of the "Solidarity Trap." So, how can we escape this trap? The author proposes a set of actionable strategies to navigate it successfully. These include bridging divisions and promoting inclusivity to cultivate a sense of shared responsibility, advocating for civic nationalism to strengthen the bonds of solidarity, enhancing transparency and visibility to engender trust, addressing credit constraints, and tackling ethnic tensions and inequalities.

In the fourth section, "Security," the book delves into the multifaceted concept of security, spanning three levels: personal security, national security, and international security. The author employs the example of a strict lockdown in Rome in 2020, demonstrating the inherent conflict between personal freedom and public health, as well as the conflict between the roles played by government enforcement and individual responsibility. Security refers to the state of being protected from harm, danger, or threats. The security trap highlights a dilemma: if you lean too heavily toward enforcing strict security and order, you run the risk of creating a system where those in power can become oppressive and authoritarian because they might overstep boundaries and infringe on individual freedoms. Escaping the security trap therefore requires striking a delicate balance where security is ensured without sacrificing personal liberties. The author puts forth several strategies, including ongoing adjustments and improvements to institutions, as well as the creation of oversight mechanisms to prevent the misuse of power and to ensure accountability among those in positions of authority.

The final section presents the "Prosperity Trap": the idea that what appears to make us richer in the short term often makes us poorer in the long run. The author begins with the Paris Agreement on Climate Change in 2015 — an ambitious effort to combat global climate change by reducing greenhouse gas emissions. Involving more than 190 countries, including major emitters like the United States, China, India, and Russia, the Paris Agreement marked a significant step forward in global cooperation to address climate change. Nevertheless, its effectiveness and implementation have been the subject of persistent debate and challenges, such as insufficient monitoring and enforcement, divergent interests among countries, and domestic political changes. The Paris Agreement example shows the prosperity trap emerges from the tension between individual/country interests and collective goals, coupled with the temptation to prioritize immediate gains over sustainable, long-term growth. Intriguingly, the author shows that the nearsighted decisions made by nations or individuals can be very rational. For instance, politicians often prioritize short-term gains, even if they are harmful in the long run. They have plenty of incentive to do so since statistics tell them they will get more votes when the economy grows. To break free from this trap, the author offers concrete strategies. These include investing in technology, education, and innovation, even though the results may take time to materialize, as they are essential for long-term prosperity. Furthermore, the author advocates for the design of political institutions that discourage politicians from making short-term decisions for personal gain. Drawing inspiration from successful models like the German innovation system, governments should allocate resources to long-term financial markets and vocational training systems, and facilitate cooperation between trade unions and employers' associations.

In the end, the author concludes that politics fails when we pretend that we can get along without it, when we do not take politics seriously, and when we try and repress, smother, or banish it. The author firmly counters the pervasive argument that our global challenges can be resolved by sidestepping politics, whether through overreliance on technology or markets, the pursuit of authoritative leadership, or simply striving for moral betterment. The author contends that technology is ill-equipped to address fundamental disagreements or navigate the intricate web of human behavior and societal dynamics. Furthermore, perfect markets rarely exist, and the pursuit of strong leadership often disregards the diversity of preferences held by the population at large.

A standout feature of this book that I especially appreciate is its ability to transcend the confines of dry academic prose. Instead, it artfully weaves together compelling real-life anecdotes and data, infusing a captivating and credible dimension into the author's arguments. It masterfully achieves equilibrium by seamlessly integrating substantial academic knowledge into an accessible narrative, touching upon concepts like the Robin

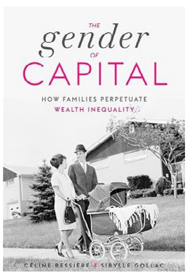
Hood paradox, Schumpeter's democracy definition, and even the author's own social experiments. Furthermore, the book is profoundly thought-provoking, urging readers to delve beyond the superficial layer of the five overarching themes: democracy, equality, solidarity, security, and prosperity. It invites us to revisit these ostensibly straightforward concepts, encouraging contemplation of their intricacies and implications at a deeper level. Notably, the author infuses the narrative with his unique sense of humor, elevating the reading experience to a more engaging level. In sum, this book is a remarkable and enriching read, catering to a diverse audience encompassing the general public, politicians, and academics alike.

Céline Bessière and Sibylle Gollac · 2023

The Gender of Capital: How Families Perpetuate Wealth Inequality.

Cambridge, MA: Harvard University Press

Reviewer Ria Wilken
Freie Universität Berlin
ria.wilken@fu-berlin.de



The *family* might not be the first thing that comes to mind when thinking of an example of an economic institution as a "site for production, circulation, control, and evaluation of wealth" (p. 37). Against this widespread omission, *The Gender of Capital: How Families Perpetuate Wealth Inequality* by Céline Bessière and Sibylle Gollac introduces the family as an economic institution like any other that contributes to the reproduction of wealth inequalities – especially regarding gender – in contemporary France. By deconstructing the family as the central unit of observation, the authors aim to shed light on the mechanisms through which economic domination is (re-)produced in heteronormative families. Guided by the question of how these inequalities can quietly continue despite the normative frame of a formally egalitarian civil law, Bessière and Gollac make use of a combination of various legal, ethnographic, and quantitative sources in order to make their main argument: that the family as an institution is responsible for maintaining and perpetuating economic inequalities between men and women through what the authors introduce as the concepts of family wealth arrangements and family strategies of social reproduction. The data used in their book draws on primary ethnographic data such as in-depth family case studies conducted between 1997 and 2005 and case studies on legal professionals conducted from 2008 onwards. Secondary data such as the French Wealth Survey, collected in irregular intervals and under different names between 1986 and 2020, complements the qualitative fieldwork of the researchers. Bessière and Gollac pick up on the literature of Marxist and materialist feminists which emerged in 1970s France and speak to contemporary literature in the fields of gender studies, social class analysis, economic inequalities, and to the intersection of gender, wealth and inequality research.

In the introduction, the reader is brought into contact with the concept of family wealth arrangements, which is central to the book but unfortunately not clearly defined until the third chapter as "the oftentimes laborious and or conflictual consensus-building process among family members and legal professionals over the appraisal and distribution of family wealth as well as the outcome of this process" (p. 83). These arrangements include decisions on, among others, inheritance, inter vivos gifts, liquidation of marital assets, and compensatory allowances. These formerly family matters are molded into legal frameworks by the work of legal professionals and asserted as legally binding through court decisions. Family strategies of social reproduction, are introduced to approach family wealth arrangements from a sociological perspective and to better understand the underlying decision-making processes. These strategies include all mechanisms, such as marriages, schooling strategies, and estate planning, which can be used to maintain a social hierarchy over the long run and to ensure or improve individuals' positions in such hierarchies.

In the first chapter, the reader is guided along a red line of reasoning toward the conceptualization of the family as an economic institution. Against the widespread narrative of the economy and families pursuing separate paths in contemporary capitalist societies, the authors argue that, as inheritances are a family matter, families contribute to a nonnegligible extent to class inequalities.

While the first chapter focuses on interfamily inequalities caused by differences between families in whether, how much, and when assets are inherited, the second chapter adds an intrafamily perspective on who inherits what and when within a family. In doing so, Bessière and Gollac incorporate a gendered perspective on inheritance which demonstrates that in heteronormative families, "intergenerational transfer of wealth is usually assuaged at the expense for women" (p. 41). Things that must be kept, in later chapters referred to as structuring assets, such as real estate and businesses, should not be divided or liquidated but transferred to the right heir, the firstborn or the favorite son. In a convincing way, the reader is shown how these economic inequalities between sisters and brothers, caused by discriminating inheritance patterns against daughters, accumulate with other types of gender inequalities over the life course and are consequently reflected in conjugal wealth inequalities between spouses.

How family wealth arrangements are formalized in legal language "behind the closed doors of notaries' and lawyers' offices" (p. 131) and how these legal professionals themselves contribute to the impoverishment of women and the wealth accumulation of men is demonstrated in the third and fourth chapters. The authors show how lawyers and notaries treat their clients differently depending on their economic disposition and social class. By drawing on research conducted in law offices, they lay out how wealthy, affluent individuals such as business owners and entrepreneurs, who are most likely to be male, are favored by legal professionals. Lawyers and notaries not only spent more time on wealthier clients but, moreover, were willing to apply more elaborate practices to their cases than they would to less affluent clients. In addition, the authors introduce what they call "sexist accounting" (p. 13) or "reversed accounting" (p. 109). This is a practice that favors men over women because of subconscious gendered representations of social order and subtle sexism when family or conjugal assets need to be distributed or shared in cases of succession and marital liquidation. Some of these practices are elaborated on in more legal detail, which makes them appear abstract and technically complex to the non-legal expert at first. The authors successfully cope with this by presenting the previously introduced theoretical frameworks by means of case study examples they conducted.

In chapter five, Bessière and Gollac aim to demonstrate the means by which women are disadvantaged, again, through tax avoidance practices. Women suffer while men benefit from underestimating the value of jointly owned assets as men face reduced tax payments while women receive reduced settlements. Similar mechanisms are presented for decisions on alimony payments and child support. Men can deduct payments to their former wives from their taxable income while women have to declare these payments and fiscal support as taxable income. On the one hand, the authors claim tax optimization to be in the "collective interest" (p. 156) of families and serves as a "powerful family tie" (p. 139) while at the same time demonstrating how women are structurally disadvantaged through these practices. This disadvantage, they argue, stems from the fact that women tend to lack the financial and informational resources to defend their own interests and are likely to renounce ownership rights to keep the family peace. Despite this argumentation, it remains confusing and to some extent misleading for the reader that the authors continue to talk of a "consensus" (p. 156) over tax optimization decisions and family wealth arrangements when there is actually none.

Chapters six and seven shift the focus away from notaries and lawyers toward the impact of judges on gender economic inequalities in France. Formerly privately discussed family wealth arrangements are exposed to the public in court proceedings. In these chapters, the authors investigate how existing legal provisions that actually intend to equalize inequalities, both in class and gender, fail in their application. They do so by contrasting examples of court decisions on wealthy clients to those of working-class couples and families, contested to uncontested divorce cases, and successions where everyone agrees on the family wealth arrangements to those where no consensus can be made. Even though these cases differ in their exact outcome, what they convincingly point out is the favoritism of men's wealth and economic security at the expense of women and the overall power imbalance between the two genders.

By introducing their intra-family perspective on economic gender inequalities, Bessière and Gollac add the missing familial and gender perspective to Piketty's (2014) work on capital. Moreover, they complement Piketty's economic perspective with a sociological perspective on how social classes relate differently to the law. However, the book comes with two limitations that are worth noticing. First, the book's main focus is dominated by the discussion of gendered practices of notaries, lawyers, and judges as well as the discrimination of women opposed to men before the law. The importance of the family as such, as well as of family wealth arrangements and family strategies of social reproduction for the maintenance and perpetuation of gender inequalities, what the authors initially claim to be central to the book, is thereby unfortunately somewhat undermined. Second, both the qualitative and quantitative data were mostly collected in France and refer to French cases. In order to be able to generalize their findings, additional research needs to be done that goes beyond the French case but instead illuminates the proposed mechanisms from an international perspective. All in all, however, the strengths of the book outweigh these downsides. By proving that "in poor families, money problems are women's problems" (p. 2) whereas "in wealthy families, looking after capital is a man's prerogative" (p. 4), Bessière and Gollac convincingly show that gender and class inequalities are intertwined and inseparable. Abstract legal practices and family practices of social reproduction as well as key moments in the circulation and distribution of family wealth are illustrated by case studies on, among others, French wine-growing and bakery families and quantified by statistical analyses of household asset surveys. The density of qualitative material used significantly reduces the complexity of the facts conveyed, makes them more tangible, and eases the reading and remembering processes while reading the book.

The English edition was published in 2023, three years after the French edition, just at the right time given the worsening economic and social circumstances – especially for women – due to the COVID-19 pandemic and the following restrictions. Bessière and Gollac's book serves as a great way into the debate on contemporary gender inequalities despite the official egalitarian law. It reveals grievances in legal practices and family strategies which are deeply embedded in gendered social representations and renewed through "masculine and feminine roles in family strategies for the accumulation and reproduction of economic capital" (p. 218). Moreover, their work constitutes a starting point for future research on the family as an economic institution and its impact on gender inequalities from a cross-national perspective.

Reference

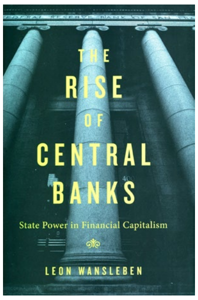
Piketty, T. 2014. *Capital in the Twenty-First Century.* Cambridge: Cambridge University Press.

Leon Wansleben · 2023

The Rise of Central Banks: State Power in Financial Capitalism.

Cambridge, MA: Harvard University Press

Reviewer David Hollanders
University of Amsterdam
d.a.hollanders@uva.nl



Since *The Rise of Central Banks* addresses the period 1970–2020, the title won't produce controversy. Few would argue that central banks have not gained influence and power over the last fifty years. More interesting is the genealogy and nature of the power central banks accumulated and this is exactly what Leon Wansleben meticulously explores. An impressively long list of interviews with insiders supports the central "empirical claim […] that central banks have been able to activate, articulate, and integrate their operational technologies [..] into coherent techniques." (p. 50). The architects of the praxis of inflation targeting in the post-Bretton Woods era were central banks themselves. The resulting pole position in the state apparatus, albeit consciously forged by central bankers, was however made in circumstances not of their own making. History is a confrontation of agency and contingency, and it is the historians' task to disentangle those. The rise took place, as the subtitle has it, in an era of financial capitalism; that stage of capitalism turned out to offer the ideal infrastructure for using short-term interest rates to transmit monetary policy via financial markets. Financial markets and central banks thus rose together.

The book carefully analyses central bank policies, delineating how monetary policy is understood and conducted by bankers themselves. The book brings in the perspective of *the* crucial actor and explains how central banking proceeds in normal times. This is innovating and it is the strength of the book in chapters 1–5; it also constitutes its weakness in the last, sixth chapter. The account of 2010–2020 does not confront the central banks' view with primary sources indicating that central banks used their monetary monopoly to buttress commercial banks at the expense of citizens. But first the careful account itself.

Until August 15, 1971, central banking was straightforward. The task of central bankers was to manage exchange rates, ensuring they remained within the bandwidth agreed upon in Bretton Woods. While this was not trivial – and the system proved untenable after Nixon's announcement that the dollar was, after all, not as good as gold – central bankers were just one influential group of civil servants among several. This changed in the 1970s, when central bankers became the "key movers and centers of power" (p. 3), ushering in the "golden age of central bankers" in the 1990s–2000s.

It wasn't obvious how central banks were to use their monetary monopoly once the dollar anchor was abandoned. Two main avenues were on offer, either monetary targeting (i.e., monitoring the money supply) and inflation targeting (i.e., managing an effect of money (over)supply). The book documents the "internal life" of four central banks, two of which pursued the first – the Bundesbank and the Swiss National Bank (SNB) – while the other two implemented the second – the FED and the Bank of England. The book narrates how inflation targeting won the day "after failures of monetary targeting." It wasn't a foregone conclusion that in 2017 forty countries would have adopted inflation targeting. It was instead the outcome of what Wansleben dubs "practical policy innovation," "learning processes," "policy experimentation," and "social learning." How could it be otherwise? Monetary policy may be as political as it gets, but its implementation is technical and bureaucratic. And central bankers are, as the book rightfully reminds its readers, bureaucrats. These are in the business of designing and implementing policies, the devil of which is in the operational details. Whether and how monetary policy actually works can only be known by trial and error.

Inflation targeting worked. Integrated, liquid, and ever-expanding financial markets responded quickly to price signals sent by central banks. Changes in the interest rate central banks charged to commercial banks steered credit extension, aggregate demand, and inflation. Central bankers came to realize that the effectiveness of their instruments depended on the globalizing banking sector. Financial globalization was as profitable for banks as it was instrumental for central bankers. The latter gradually became "political advocates and practical architects of market-based financial systems" (p. 20). Deutsche Bank and the SNB followed suit as monetary targeting didn't work. In Germany and Switzerland, central banks "interacted with universal banks that controlled almost all aspects of finance" (p. 145), but increasingly foreign banks were willing and able to extend credit, thereby increasing the money supply. The other way round, German and Swiss banks adopted "Anglo-Saxon […] liability-management techniques" (p. 147). In a world without capital controls, credit and thus money could not be controlled.

Inflation targeting worked within its own terms, but these are not necessarily the terms of central banks. The motives and interests of central banks are key. The author postulates that central bankers seek output legitimacy by solving problems. And in the 1970s inflation was the problem. Governments were therefore happy to grant "independence" to central banks, who in turn consolidated their authority. The self-image of central bankers as problem-solvers is reproduced here. They are deemed knowledgeable technocrats who make mistakes but sincerely believe their praxis to be the best. Supervisors "believed financial sector statements" (p. 179) in the run-up to the financial crisis, or "failed to act on their expertise […] to enforce or support prudential rules" (p. 181).

The symbiotic relationship between commercial and central banks is interpreted as essentially instrumental. While "banks' interests matter to monetary authorities" (p. 145), they only do so because banks transmit monetary policy. It is not considered that there is a revolving door between private and central banks, let alone that they jointly constitute the backbone of a class that Wolfgang Streeck dubbed "marketvolk" (and Marxists call capital). Central bankers' role differs from that of private bankers, but when push comes to shove, they arguably share a class interest. This is at least how the euro crisis interventions of the European Central Bank (ECB), discussed in the last chapter, can also be read.

Quantitative easing is interpreted as an attempt to reanimate the interest rate channel one more time to breathe life into the European economy. The limited "cognitive framework" of central banks, who "confounded their sectoral support operations with their macroeconomic objectives" (p. 220), did not allow another approach. This is hard to believe in the light of other sources. The ECB sent secret (but leaked) letters in 2010 to the government of Ireland, threatening to withhold liquidity support to Irish banks if those same banks would not be fully guaranteed by tax-payers. The Zapatero and Berlusconi governments received letters in 2011 to the effect that purchase of bonds was conditional on reducing workers' rights. In 2010–13 the ECB blocked an EU-wide tax on financial transactions, while forcing higher VAT and labor-taxes on Greece in 2010–2015. Greece was excluded from QE in 2015, which historian Adam Tooze interprets in *Crashed* (2018) as an attempt to "lay siege to Greece's left-wing government without fear of precipitating a general crisis." The other way round, no conditions were attached to commercial banks. They could borrow limitless amounts at ultra-low interest rates, with collateral conditions relaxed. The ECB knew very well what it was doing. The book does not consider these political moves by the ECB, while they suggest that the notion that "central banks use very little coercion" (p. 52) solely applies in normal times. The last chapter hits the boundaries of using central bankers as the main source on their own conduct. While their opinions are not simply reproduced in the book, their worldview essentially is. Central bankers are disinterested "bureaucratic entrepreneurs," committed to "support broad economic well-being" (p. 216), who are knowledgeable but make honest mistakes.

The Rise of Central Banks contains a thorough analysis of what the title promises. It documents how central banks learned to stop worrying and love inflation targeting, resulting in a dominating position vis-à-vis other state bodies. Whoever wanted to stimulate economic growth, employment, or investment had to go through them. The main conclusion is on point: "The central bankers discussed in this book have successfully influenced interpretations of their own trials and have claimed ownership over success" (p. 237). The rise itself rested on *and* reproduced "a settlement between the private-sector and state interests" (p. 143). This is convincing, but the book does not appreciate that it might be more than a settlement. It is a symbiosis, a class alliance. With central banks rising, central bankers rose – and they defend the interest of banks, often their previous if not future employer. Inflation targeting *also* serves the function of being the perfect pretext to do that.