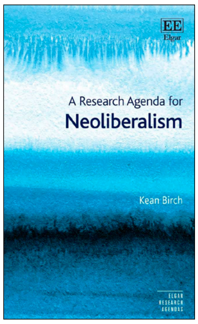
Book Reviews

Kean Birch · 2017

A Research Agenda for Neoliberalism

Northampton: Edward Elgar

Reviewer Stephanie L. Mudge
University of California, Davis,
mudge@ucdavis.edu



In this short and well-organized book Kean Birch takes on the question of how "we" (that is, both neoliberalism's critics and "neoliberals" themselves) understand neoliberalism and the contradictions therein. The book offers an overview of neoliberalism's intellectual history and of critical approaches to studying it. The main contribution, however, is an effort to outline a new research agenda centered on "three core contradictions at play in neoliberal thought," on which more below (p. 2). Before moving to this most interesting part of the book, however, I would first like to mention two critical quibbles.

A key thematic underpinning of the book is the author's expressed ambivalence about the usefulness of "neoliberalism" as a concept—a common sentiment, to be sure. Among the author's complaints is the use of "neoliberalism" on the left primarily as a derogatory term to refer to people who believe in the primacy of markets, and the way in which the term's many uses, and contradictions therein, render it analytically intractable (pp. 4, 7). There is a certain irony here; the concept is apparently tractable enough for the author himself to define it (neoliberalism "involves the infiltration or installation of 'markets' as the organizing principle for our economies, politics, *and* societies" [p. 2]; elsewhere Birch defines the term as "a market-based approach to understanding and living in the world" [p. 35]) and, indeed, to motivate the entire book. For this reader at least, the ambivalence theme is therefore not particularly helpful.

Also unhelpful is the rather puzzling assertion that the equation of neoliberalism "with 'free markets' or 'free market fundamentalism'" in popular and scholarly discourse is problematic. As a rationale for this argument, Birch cites the need to "take back or rehabilitate 'the market'," enabling us to focus on "the disjuncture between (neoliberal) claims" and the "metaphorical goodness of associated abstractions like 'freedom', 'liberty', 'choice', etc." (p. 35). And yet insofar as there is such a historical figure as the intellectual "neoliberal"—and one might note that the chapter in which this argument appears is entitled "How to think like a neoliberal"—that figure would be impossible to describe or explain without acknowledging the centrality of the "free market" as an organizing concern. There is, to my mind, no tension between acknowledging this as a historical fact and, at the same time, considering the ways in which markets, both theoretically and historically, do not naturally or necessarily coexist with freedom, liberty, and choice. The author's own definitions of neoliberalism (above), in fact, locate markets at its very heart, which is apparently no obstacle to then mapping out various disjunctures between neoliberalism in theory and in practice (see below). This suggests that understandings of neoliberalism as market-centrism are entirely unproblematic. I would add that they are also, historically speaking, unavoidable.

The most helpful and innovative elements of the book come in the final chapters (pp. 103–79), in which Birch explores three contradictions in an effort to move the agenda of neoliberalism research forward: namely: (i) the rise of corporate monopoly in an age of free markets; (ii) the displacement of entrepreneurship by rentiership, despite the supposed sanctity of the entrepreneur in neoliberal times; and (iii) the way in which the contemporary market order in fact depends on a "contract-based order" in which "future earnings are not *realized* through market transactions in the present, but rather result from contractual arrangements that secure those … earnings in the future" (Birch 2017: 3, 156). Birch identifies these as contradictions in neoliberal thought, but it would be more accurate to say that they are *discrepancies* between neoliberal understandings of how the economic world *should* work and the realities of contemporary economic life.

On the first discrepancy, Birch offers a very insightful analysis of the evolution of neoliberal thinking over time on the matter of corporate monopoly, and in particular how Chicago-based thinkers theorized their way out of the otherwise commonsense view that monopoly is a problem (pp. 110–13), along with an overview assessment of the growth of monopoly power, especially in the United States (pp. 105–108). The neoliberal argument (of course) is that in time free markets cure all ills and that, following Ronald Coase, corporations and markets lie at either end of the same spectrum in any case. Birch then gives his own account of the history of the corporation and the distinctiveness of its neoliberal phase, in which monopoly returns but the politics thereof do not. The argument here is that, to understand this state of things, we should turn our attention to "the discipline of economics and … business schools," because "this is where managers, investors, analysts, traders, market experts, and others … receive their training" (p. 119). This move has already been made by others, as Birch acknowledges, but there remains much to be done on this front.

The other two discrepancies identified in the book—namely, the move from entrepreneurship to rentiership and the market order's contractual dependencies as a means to profit—are presented in similarly thought-provoking ways. In the first case Birch emphasizes the return of "the days of debt peonage" (p. 151); in the second, he notes how neoliberal contractual relations so heavily favor businesses over customers and employees as to nullify the meaning of "freedom of contract" (p. 175). Both also point us in very useful directions.

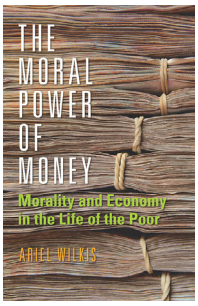
In the end, then, one could say that the book's central contribution is not so much that it substantially enhances our conceptualization or understanding of neoliberalism, but rather that it lays the groundwork for moving past neoliberalism via the critical analysis of the contemporary economic dynamics that the neoliberal moment has left in its wake.

Ariel Wilkis · 2018

The moral power of money. Morality and economy in the life of the poor

Stanford: Stanford University Press

Reviewer Aaron Sahr
Hamburger Institut für Sozialforschung,
Aaron.Sahr@his-online.de



Sometimes it is not quite clear where to look in order to study a social phenomenon. Money is a perfect example. How can or should sociologists study money? Should we look at the cycles of financial markets today or is a historical evaluation of how a means of payment was introduced into formerly cashless societies a more promising strategy? Do we need polls to reveal patterns of consumer choice or should sociologists of money work undercover at a mint? In *The Moral Power of Money*, Ariel Wilkis suggests an unexpected approach: He studies the poor. More explicitly, he investigates how people in a South American slum deal with monetary issues. Based on rich empirical material gathered in extensive socio-ethnological fieldwork, Wilkis provides a vivid and enlightening analysis of moral economies of the poor, which is in itself worth reading. Alas, I was somewhat disappointed to discover that in the end he seems more interested in describing details of this life-world than in relating his empirical findings to a systematic reflection on general theories of money.

Perhaps you find this remark unfair if you have already read the book, as Wilkis states that "the subject of this sociological study […] is not money, but rather the social orders it produces and responds to in the world of the urban poor" (p. 5). For Wilkis, "sociology is self-evidently more interested in the social realities that money helps to produce than in money itself" (p. 159). In fact, this is far from being "self-evident," but I will let this question pass for the moment. More importantly, the empirical material is presented with reference to a certain tradition of monetary theory and the findings are organized around this conceptualization of money. It would therefore be wrong *not* to read this book as a contribution to the sociology of money.

What does Wilkis mean by "money"? Lately, the sociology of money has become a lively field of study within which we can distinguish two main perspectives. The first is concerned specifically with *bank liabilities* as "modern money." In the modern economy, every monetary asset in dollars or euros is also a liability of the banking system. Demand deposits are private banks' liabilities and notes and coins are a liability of central banks. As bank liabilities depend on each other, in this perspective money forms what Mehrling calls a "money grid" (Mehrling 2017) composed of interdependent "debt contracts." The inner workings, dynamics, and effects of this money grid and its daily reproduction through borrowing and clearing debt are the main research interests of this first general approach within the sociology of money.

The Moral Power of Money contributes to the second and more traditional main perspective on money. Here, money is not investigated as a liability of the banking system, but rather as a valuable resource that is owned and exchanged. Money is commonly theorized as a special token or symbol of value that allows prices to be set and facilitates exchange on markets. In other words, this second traditional path within the sociology of money is interested in money as *circulating purchasing power*.

Within research that investigates money as purchasing power or the most liquid asset, two secondary branches can be identified: One is the so-called "universalist" approach to money; the other is based on the "multiple monies" concept. Authors such as Viviana Zelizer have criticized classical approaches for treating money as if it were a homogenous social construction. Money, or so classical texts seem to suggest, is a uniform and property-less value, which someone either has or does not have. Universalists such as Karl Marx or Georg Simmel, for example, talk about money as purchasing power, as if every dollar were the same, to use the famous wording popular among proponents of the multiple monies concept. Zelizer's critique of this simplification has had a huge impact. She argued that every dollar is by no means the same. In fact, people treat "the same" dollar very differently in different contexts and under different circumstances. Who the recipient of money was, how specific income was generated, and many other practical arrangements shape and form the cultural texture of purchasing power, adding "markings" to supposedly universal monetary value and thus creating multiple monies. The same amount of circulating purchasing power is framed and used differently, depending on whether, for example, it has been earned through wage labor, won in a lottery, or appropriated in a heist. Even money earned by people of different genders is commonly treated in distinctive ways. In a meaningful and culturally sensitive description of social reality, one would have to account for the existence of "multiple monies" instead of talking about money in general. This line of thought is the academic home of Wilkis's study.

Although proponents of "multiple monies" ideas tend to claim the uniqueness of their basic understanding of money, it does in fact have similarities with the classical concepts of Marx or Simmel that they criticize. What different "monies" have in common theoretically is their value as an ownable asset, that is, the fact that they can be used to purchase things. Put simply, one could claim that this second version of the traditional approach to money is concerned with different ways of using monetary income and the resulting social effects.

To analyze these effects, Wilkis undertakes two things. First, he theoretically combines Pierre Bourdieu's notion of symbolic capital with Zelizer's interest in how different income sources are framed. To this end, Wilkis introduces the term "moral capital" as a subtype of symbolic capital. An individual possesses moral capital, he argues, if they have moral virtues that are acknowledged by others (p. 10). People who meet their social obligations are ranked according to a moral social status. Therefore "accumulating moral capital means gaining legitimacy in a position on the social hierarchy" (p. 10). With this definition, Wilkis perceives "morality" not as an external set of normative principles, but rather as a social practice in which power relations are established or challenged. Consequently, in the author's book, the "sociology of money" refers to a sociology of different income usages and their effects on the social order; that is, on power relations between people.

Second, Wilkis investigates how different culturally framed forms of income—which he calls different "pieces" of money—"are used to create moral hierarchies" in a poor community in South America (p. 5). Each piece of earned, lent, donated, political, sacrificed, or safeguarded money is the focus of a separate chapter, with a collection of stories about daily life in the slum.

Virtually each and every one of these stories is worth reading. Together they create a respectful, self-reflective, and sensitive portrayal of the moral economies of the Argentinian community in which the author spent quite some time. For instance, Wilkis tells the reader about a mother who demands regular payments from her unmarried sons. She saves this money, transforming it into a piece of "safeguarded money," which is ranked above all other pieces of money in this family. She uses it to support her married son in times of need. By doing so the mother not only positions herself as a moral epicenter of the family but also reinforces common conceptions of masculinity and acts as a role model for her sons while fulfilling her own role.

While episodes like this are enjoyable to read, the author's theoretical analysis and categorization raise some minor questions. In one chapter, for example, we become acquainted with a thief who frames his criminal activity as a form of doing business and therefore perceives his income as "earned money" (p. 70). In the course of this chapter we learn that some practices for making money with stolen goods are considered acceptable within this community. While these portraits are fascinating, the categorization of this income as a specific "piece of money" does not seem to add much to our understanding beyond mere description.

As Wilkis' aim is to describe how moral micro-orders are created and re-created (which he does compellingly), I feel it might have been more useful if he had presented his findings according to their respective logics of order rather than categorizing them as "pieces of money." At least in my understanding, these are not identical systems of categories. At times commonalities between some of the stories seem to be downplayed, because they are grouped in different chapters, that is, identified as different pieces of money.

For example, one story in the chapter about "donated money" addresses the stigmatization of welfare and the practice of substituting donations to homeless people with payment for a magazine, which transforms the donation into a purchase (p. 78) and creates good feelings for both people involved in the process. It is not completely clear to me why homeless peoples' income does not become "earned money" through this transformation of an asymmetric payment (donation) into an exchange of supposedly equivalent assets (money versus magazine). Meanwhile, the story about the thief who calls himself a businessman is in the chapter on "earned money." Moreover, the example of a group of entrepreneurs who began collecting and selling recyclable resources from private trash to generate income is also in the chapter on "donated money" (p. 82). These stories, as well as some of the others, could be grouped together alternatively as attempts to transform an asymmetric exchange into a more symmetrical one (selling a magazine instead of just receiving money as a donation). Enabling social groups to facilitate symmetric exchanges and reducing the moral obligations associated with asymmetric forms of exchange in the process has been discussed as a general feature of money within the universalistic framework of the sociology of money. I am not fully convinced that Wilkis's categorization is more productive. (Of course, I am well aware that many people would claim that the appeal of ethno-sociological studies lies precisely in the fact that it is more sensitive to micro-differences than to commonalities, but this does not mean that commonalities are irrelevant.)

One final example. The chapter on "sacrificed money" (pp. 116–134) is a heart-warming report about a local church, where people work together not only to provide for those in need but also to enable the priest to act as people expect a priest to act. By reading episodes such as these, I learned a lot about the complexity and creativity of moral social orders. One important factor here is the refusal of formal payment, a (non-existent) income Wilkis calls "sacrificed money." This incompatibility of monetary exchanges and (some) religious practices also seems to be a more or less universal characteristic that might tell us something about money itself and not only about the realities that different usages of money create.

This is a well-written and insightful book, and the minor irritations discussed here could be perceived as a matter of personal taste. But if our aim is to further the sociology of money in general, it would be important to discuss the shortcomings of the "multiple monies" approach with the same verve that Zelizer, Wilkis, and others have demonstrated in advocating that we abandon classical approaches to monetary theory and investigations of money's more general characteristics. While no one would deny that people treat monetary assets very differently in different contexts (and that this is sociologically important), it is not always clear what is to be gained by identifying these different practices, beyond acknowledging that they exist, of course. Wilkis's study of monetary aspects of moral micro-orders in a poor community in the Global South provides relevant resources for such debates as they unfold.

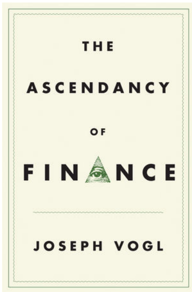
Source: Perry Mehrling. 2017. Financialization and its Discontents, in *Finance and Society* 3 (1): 1–10.

Joseph Vogl · 2017

The Ascendancy of Finance

Cambridge: Polity Press

Reviewer **Natascha van der Zwan**
Leiden University,
n.a.j.van.der.zwan@fgga.leidenuniv.nl



In *The Ascendancy of Finance*, Joseph Vogl, a professor of literature at Humboldt University and Princeton University, has written another provocative book, which offers an innovative perspective on the historicity of financialization. Vogl, who previously wrote *The Specter of Capital* (Stanford University Press, 2014), argues that the growing power of finance is intrinsically related to the sovereignty of the state. Historically, the sovereign state could not emerge without the assurance of private credit to support its activities. Paradoxically, this private credit began to wield power over the state, exactly as the sovereign power of the latter increased. The state thus had to accord its financiers exceptional protections in order to ensure its own preservation. This resulted in what Vogl calls "zones of indeterminacy": informal, often secretive, ad hoc platforms of decision-making in which "the state and the market are not opposed to one another as hermetic entities, but exist in a relation of power formed by continuous transitions, alliances, fluctuations and mutual reinforcement" (p. 11). In an impressively concise 165 pages, Vogl traces such zones of indeterminacy over a seven-century period, from the fifteenth-century Casa di San Giorgio (a consortium of private lenders to the Republic of Genoa, whose *status aparte* secured them positions in the city-state's government apparatus) to the European Central Bank in the twenty-first century.

The Ascendancy of Finance was originally published under the German title *Der Souveränitätseffekt* (The Sovereignty Effect), which seems more accurate in light of Vogl's argument. Political theorists will find references throughout the book to "philosophers of the exception," particularly Giorgio Agamben but also Carl Schmitt. But scholars of finance without a background in political theory, too, will recognize the "rhetoric of exceptionality" that has accompanied the bailouts and other exceptional measures that the state has awarded finance in the wake of crisis. Second, Vogl discusses the ideas of Enlightenment thinkers such as Adam Smith, Thomas Hobbes, and Jean-Jacques Rousseau to question the state/market dichotomy, for which classical liberalism has become known. In Vogl´s account, economic science flows out of the state's own attempts at creating political order within the territory it rules over. Finally, Vogl bases his historical account in the classic works by Fernand Braudel and Giovanni Arrighi. While these latter contributions will be familiar to scholars of financialization and others taking an interest in finance studies, it is particularly the first theoretical contribution that makes Vogl's book such a powerful intervention in contemporary studies of finance and financialization.

The most important contribution of *The Ascendancy of Finance* to this scholarship is its integration of political theories of sovereignty with the history of finance. That state-building involves both political force and economic activity will be a familiar argument to most political scientists, for whom Charles Tilly's essay on "war making and state making as organized crime" is required reading. Vogl, however, shows the other side to Tilly's taxation state, focusing instead on how the state has historically relied on private financiers in order to establish itself as a sovereign power. Vogl focuses on three realms in which such entanglements between financier and sovereign has been most pronounced: 1) public lending, 2) coinage policy, and 3) treasury activities. The dependency of the state on private financiers across these three realms has formed a natural limit to absolute sovereignty. The economic activities, on which state-building efforts relied, created a new class of financiers. To say that sovereignty fostered new sources of profitability does not do justify to the depth and permanence that Vogl attributes to these activities; instead, we might say that sovereignty *became* its own regime of accumulation.

That such private actors and institutions came to wield the most ultimate of sovereign powers is exemplified by the anecdote of Isaac Newton, who as Master of the Royal Mint was responsible for prosecuting the counterfeiting of coins – capital crimes in more than one sense of the word. Vogl infuses the popular mythology of Newton's scientific bump on the head with a more gruesome narrative, in which the scientist-turned-executioner unreluctantly applied the principle of gravity to the offenders' necklines. Such crimes were prosecuted with a fanfare of publicity – Vogl uses the term "thanotocratic regime" (p. 82) – with, on the receiving end, a newly emergent investing public. As public debt gained permanence, the public remained abreast of the state's financial record through the press. Here, the investing public functions almost as an imagined community, to cite Benedict Anderson and another classical text in the state formation canon, only this time around the issue of public debt.

In the final chapters of the book, Vogl moves his reflections on central banks as independent "fourth powers" within government into the twentieth century, with an elaborate discussion of the Federal Reserve System, the Bank of the German States, the Central Bank of Chile, and finally the European Central Bank. During the last quarter of the twentieth century, the type of governmental rationality these institutions represent became entrenched within an international order that promotes market-based governance, using the rhetorics of good governance and New Public Management. Nonetheless, one of the unintended consequences of the ongoing process of financialization is a weakening of central banks' instrumentarium. As financial innovations have blurred the distinction between money and financial assets, so the author notes, central banks' ability to create macroeconomic stability falls short: Today, "central banks have ceased being lenders of last resort and are now *investors of last resort*" (p. 140, author's emphasis). Again contra liberal dogma, the state has not become obsolete in this new regime of regulatory capitalism. It serves as its anchor, creating the conditions under which finance capital can thrive. Sovereignty then, so Vogl concludes, has become ever more elusive. It can only be temporarily accessed "through the purchase of liquidity and the liberation of credit cycles, chains of financing and cascades of risk" (p. 165).

The Ascendancy of Finance is not an easy read. Particularly the first section of the book is infused with theoretical language that might be difficult to grasp for those without a background in political theory and/or non-native speakers of English. It is therefore not a book to assign to undergraduate students. For those interested in the political power of finance, particularly as it pertains to the state, *The Ascendency of Finance* is an essential read. As Vogl himself also points out, the book serves as something of a prequel to Streeck's much-appreciated *Buying Time*, as it zooms in on the historical origins of the consolidation state. It can also be read as counternarrative to the recent scholarship on "market-craft" by making the state look less entrepreneurial than dependent in the face of private market actors. If a critical note should be raised, then, it is the question of whether the "zones of indeterminancy" are really so indeterminate. In Vogl's historical account, finance is always victorious and popular sovereignty is made redundant. This makes for an altogether thrilling read, but not one that leaves the reader with much optimism for the future.