Book reviews

Tiago Cardao-Pito · 2021

Intangible Flow Theory. Human participation in economic and societal production.

London: Routledge

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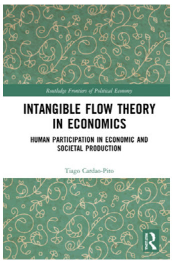

It is not surprising that the tangible-intangible distinction is central to the purposes of *Intangible Flow Theory* (IFT). While the tangible refers to what can be grasped by empirical research, especially quantitatively, the intangible refers to those aspects that cannot feasibly be observed under empirical analysis, although they are latent. This distinction runs through the entire book. The purpose of the distinction, and specifically the intangible term, is to organize two separate but intertwined dimensions. Being schematic, the tangible is what can be grasped by economic empirical research, while the intangible relates to the hidden dynamics for that methodological procedure.

IFT offers a response to the seemingly obvious and rarely successful attempts to integrate the economy with social relations. What the IFT brings is a new perspective-bid to complicate economics and sociology. Here, the economy must be understood as the mathematics of the economic behavior mirrored in statistics of every sort, while sociology comprises the symbolic, culturally-based norms of human actions.

Furthermore, one of the main merits of the *intangible flow* thesis is its applicability. It has the potential to appeal to several disciplines beyond economics. The model of circumscribing the "tangible" in a web of "intangible(s)" provides a valuable conceptual tool. The tangible, i.e., what it is possible to verify straightforwardly (numbers, statistics, data), cannot be explained without those elements that are less directly grasped (uneven knowledges, information influences, natural cycles), all which may be extended to other disciplines such as politics, law, or science.

Having said that, probably the strength of the book does not precisely rely on stating that there is a further explanation beyond the empirical data – something that every serious researcher reckons to be their own task. Neither is it to indicate the intangible character of flows – in the financialization, commodification, or digitization cases, this seems rather obvious. The merit is to offer an original account of the visible economic indicators along with the human intangible agency. In other places the author has clearly and synthetically exposed the IFT premise: "the dynamics of the tangible elements require several human related flows that do not share the same properties of the easily quantifiable material elements that they are moving in economic action. Hence, social science disciplines such as heterodox economics, sociology, and anthropology, but also organization studies, accounting, or history have an advantage in explaining concrete economic phenomena over neoclassical economics because besides accepting advanced statistical and econometric methods of inquiry, they are open to other forms of reasoning to reach testable hypotheses that could capture the intangible flow dynamics in society" (Cardao-Pito 2012: 336). This quotation might be novel for some economists, but it is not really groundbreaking for social scientists. The existence of social conditions preceding economic conduct is at the very bottom of the social scientist credo. In this regard, IFT scholarship's appeal reminds us of its economic origins. It should be evaluated in accordance with this fact.

There are at least two aspects that IFT overlooks and the theory would have gained greater consistency with their consideration: the time factor and the analytical distinctions of the book's contents. Regarding the time factor, there are two levels where the time dimension would have been useful to understanding the intangible-tangible link.

Momentum: As Cardao-Pito suggests, the "intangible" human relations feed the tangible economic statistics, although the former are not immediately discernible in the latter. Therefore, one relevant aspect of the intangible analysis should be the time factor. If intangible theory adopts a methodological use of time, it will be possible to nurture the dialectic "manifest-latent" phenomena with notions such as *momentum* or *zeitgeist* that would reveal evidence that remains obscure or hidden. In other words, after a given period of time what is intangible may become tangible. That is the case when, for instance, latent social conflicts become mirrored in consumption rates after some time. Hence, there are "timing" functions for what becomes tangible:

some facts can only be seen within a conditioning net that sets a *momentum*. Therefore, there is a time threshold regarding the delay in a linear conception of events: what is intangible may be tangible considering two differentiated time periods.

Precedence: Is the tangible a precondition of the intangible? After reading IFT, it seems the intangible precedes – and is beyond – the tangible. Then, what triggers the transition from intangible to some level of tangibility that allows the event to be named? There are certainly historical, cultural, and social conditions but none of them can be isolated – they can only foster an explanation in addition. Therefore, one possibility of bringing them together is through a temporal frame. When considering a temporal factor, it becomes clear that the intangible – i.e., all social, historical, and cultural human-crossed relations – is a precondition of the tangible – i.e., the collected data by methodological procedures. With this, IFT would gain in consistency by positing the intangible as a crucial vector for economic theory and to avoid a certain blurriness in the intangible-tangible bond.

Regarding the analytical content, this should be divided not in three, but rather into two main comprehensive parts. We can distinguish one part concerned with the theoretical underpinnings of IFT in the Introduction and most of Part 1, and a second one, dealing with individual self-interest economic theories (Smith, Mill, utilitarianism, hedonist perspectives), in Parts 2 and 3. The "foundational" first part is not only necessary to establish the main concepts of the theory, but crucial to set the rationale of the proposed theory. There is no doubt about the centrality of this procedure. The problem emerges with the second part. Instead of applying the theory to current and relevant cases – the list could be quite extensive and include financialization, commodification, the digital economy, housing, debt, insurance systems – the author insists on dealing with classical philosophies ranging from Greek philosophy (Aristotle, Socrates) to utilitarianism and even deconstruction (!). To be sure, it is not a problem to deal with philosophy as such since economic theory is heavily influenced by philosophy – rational choice theory and its affinity with utilitarianism or hedonist philosophies is probably the paramount example. The point is rather that there is no particular merit in revisiting classical philosophy, or in criticizing hedonist or utilitarian perspectives, when they have already been strongly contested by scholarship.

In sum, this is a book that is impressive in the variety of topics addressed, ranging from sociology, political theory, economics, and, especially, classical philosophy and metaphysics. The author deals with a pool of concepts that are not usually part of economic jargon such as "deconstruction," "constructivism," and "relativism." Certainly, this intellectual background is an asset of the book. However, the recurrence to philosophical discussions on relativism-realism, constructivism-positivism, or internalism-externalism sometimes seems a bit odd. In the Introduction, and Chapters 1 and 6, the reader will find several references to metaphysical and philosophy of mind-related discussions that could have been less reiterative. It shows the author's robust philosophical background – and interest – but adds little to the argument of the book. From the introduction, the reader understands that IFT is neither relativist nor constructivist, but comprehends that it is necessary to circumscribe reality within the frame in which the data arise.

With all the pros and cons, the readership will encounter a well-grounded theoretical book that adds new complexities to the already contested economic theories on hedonism, rational choice, and, especially, the mastering of what empirical data can actually show.

References

Cardao-Pito, T. 2012. Intangible Flow Theory. *The American Journal of Economics and Sociology* 71 (2): 328–353.

Chuck Collins · 2021

The Wealth Hoarders: How Billionaires Pay Millions to Hide Trillions.

Cambridge: Polity Press

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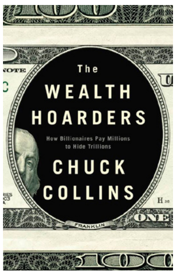

This book intends to be an eye opener for a general audience, as well as a broad call for action. Over 183 pages, Chuck Collins, director of the Program on Inequality and the Public Good at the Institute for Policy Studies in Washington D.C. and co-editor of Inequality.org, aptly summarizes recent journalism and scholarship on what he calls the "wealth defense industry."

The Wealth Hoarders begins with an anecdote from 1983 that has informed Collins' talks and publications in the past decades, and which remains a source of credibility and legitimacy for his activism today. Then 23 years old and about to be left a fortune, Collins describes attending a "weekend conference for people with inherited wealth, sponsored by a local family office and a foundation," where he first learns about how dynastic wealth, "once created – or in some cases, extracted – is hidden, sequestered, protected, and invested." The event becomes Collins' initial experience of awakening to – and moral repulsion at – the "dynasty protection racket" in the United States. It also sparks his decision to give his entire inheritance to charity – including "the principal," or the "asset foundation of ones' wealth that generates income." At the time, Collins' intention to "distribute" his principal assets was met with opposition from the experts in wealth preservation organizing the meeting. They urged him to cling on to his wealth and to spend only the steady stream of revenue from his investments on philanthropy – a strategy that would result in considerable tax benefits, effectively allowing "the principal" to grow. In *The Wealth Hoarders*, Collins reflects on what he still thinks is wrong with this attitude. He explains how a professional class of "wealth defenders," burgeoning since the 1980s, has come to shape a global "ecosystem" of "anti-social" legislations and institutions, which he believes it is now "time to stop."

Collins invokes a new gilded age of dynastic wealth in the 21st century, when "billionaires pay millions to hide trillions." His argument is that current forms of extreme wealth inequality would be impossible without a "militia" of lawyers, consultants, and accountants. At the start of the book, two vignettes provide specific accounts of recent cases of financial graft and corruption on a global scale. But the focus of *The Wealth Hoarders* is not on such tainted *origins* of wealth. After all, Collins admits, "there are many more financial shenanigans than could be described in this slim volume." Rather, Collins' book, written in a revelatory tone, invites readers to learn more about "the high cost" of *hidden,* or insulated wealth. Above all, however, the book is about the "enablers." It is about an "army" of legal and financial experts assisting in the hiding of wealth whom Collins calls, citing the sociologist Brooke Harrington, the "agents of inequality."

According to Collins, the ability of "the very wealthy" to "retain power, control, and dominion over vast sums of money in perpetuity" depends on the contemporary "wealth defense industry," or "WDI," as he abbreviates it. This is an obvious analogy to the "military industrial complex," and although Collins does not explicitly refer to the latter concept, his ambition with the present book appears to be to introduce a similarly powerful standing expression to the critical debate about wealth inequality for political activism to rally behind. To that end, Collins borrows analytical insights from investigative journalists and academics to demonstrate how the "wealth-hiding apparatus" has become "a booming sector of the white-collar workforce around the world." The result is a convincing exposé of how the "wealth defense industry" currently designs and applies legal technologies, such as trusts and offshore-shell companies to conceal, protect, and accumulate their rich clients' transnationally mobile capital – effectively but problematically avoiding and evading taxation, as well as democratic oversight.

Collins particularly emphasizes the emergence and proliferation of the family office, a form of "in-house" wealth management and lobbying power that still constituted a fringe phenomenon when Collins had his moment of enlightenment in 1983. Family offices were invented during the first gilded age in the late 19th and early 20th centuries. Back then, "robber barons" such as John D. Rockefeller and J.P. Morgan depended heavily on external consultants to manage their families' fortunes, which resulted in information asymmetries and high transaction costs. Soon enough, they realized that "when you are rich enough" you make an end to working *with* consultancy firms. Instead, you simply buy them and employ the experts to work directly for you. Today, there are between 7000 and 10000 family offices globally, which manage an estimated $5.9 trillion for so-called "ultra-high-net-worth" individuals with $9.4 trillion in wealth. But, despite constituting such an enormous pool of private capital, these family offices have lobbied successfully to remain mostly unregulated compared to other forms of banking and wealth management. In fact, the family office structure enjoys significant exemptions from regulatory oversight, which is why George Soros converted his hedge fund to family office status in 2011, and three dozen major hedge funds followed suit. Essentially then, family offices are now in the business of providing privacy and secrecy for their owners. This combination of "very rich people, opacity and markets" is a worrying trend which, according to the Economist, "could endanger the stability of the financial system."

The Wealth Hoarders is not an academic tome. Although Collins includes scholarly references in his endnotes, there is no bibliography. Instead, Collins addresses his readers casually, noting that if his account "sparks your interest, you will find an appendix with books, articles, films, and advocacy organizations." The main value of *The Wealth Hoarders* thus lies in bringing together in one place many illustrative examples of what is wrong with wealth management today – and Collins makes a good case for obscure legal technologies of ownership to be the main culprit. Arguably, Katharina Pistor's 2019 monograph *The Code of Capital,* which Collins does not cite, is a more thorough account – and better analysis – of how the law creates wealth and inequality (her subtitle). However, a merit of Collins' book is to underline the enormous importance of investigative journalism and qualitative social scientific research, including participant observation and interviewing, in "studying up" – as the anthropologist Laura Nader would have it – to the cultures of the rich and powerful on the "fuzzy lines between the legal and the illegal."

Ultimately, Collins searches for "solutions to wealth hiding" and encourages civic engagement against the "wealth defense industry." He concludes *The Wealth Hoarders* with an epilogue based on a graduation speech he gave at Harvard University that is fully consistent with the gist of his book. The title? – "Grads, Don't Work for the Billionaire Wealth Defense Industry."

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Claire Lemercier, and Pierre Francois · 2021

Sociologie historique du capitalisme.

Paris: La Découverte

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This book began in courses the authors taught at Sciences Po and the University of Lausanne, and reading it feels like sitting in the classroom of two thorough, well-traveled, slightly mad scholars who are trying to teach you the whole world. François and Lemercier present a loose framework upon which they hang an extraordinary range of scholarship in economic sociology and related fields. The framework is that capitalism can be understood as having three ages: the age of commerce, the age of the factory, and the age of finance. The scholarship they explore using this framework includes work on consumption, labor, the theory of the firm, managers, banks, the role of the state, and other topics—what does consumption look like in the age of commerce vs. the age of the factory vs. the age of finance, what does labor look like, etc. This allows them to put in one book a wide range of authors and theories and empirical discussions, from Kenneth Pomeranz to varieties of capitalism, from Max Weber to mortgage-backed securities. Anyone reading the book will emerge conversant with many recent theories of capitalism.

But the best teachers, the ones we remember later in life, don't just teach us about the existing scholarship; they also impart wisdom of their own. On that score the book is less successful. It's not clear what the major innovation, the separation of capitalism into three ages, accomplishes. Would our understanding really be constrained if we divided capitalism into two ages, pre-industrial and industrial? Or four ages, starting with agrarian capitalism? Or five: agrarian, commercial, industrial, service-oriented, finance? In practice the authors often forget the framework while going through many of the discussions. The aim is a synthesis, but the result is a catalogue. By the end of the book, like teachers at the end of a semester who have suddenly realized time is running out, they are racing through topics—civil rights legislation in the U.S., followed by enclosures and the birth of capitalism in England, followed by antitrust, all in one baggy chapter on the state.

There are building blocks here of something promising. The book is particularly relevant for thinking through how to understand France, which is often relegated to a residual category in different theories of capitalism. Indeed, a shorter, focused book on France could be an interesting sequel. Another possible sequel would be a book devoted to exploring their provocative definition of capitalism: they call an individual capitalist if she uses rational means to achieve the end of individual profit, and they call a society capitalist if most of its members are capitalist or are affected by those who are. This allows them to note that there is capitalism in any society, but the society itself only becomes capitalist when those tendencies spread; in their lovely phrase, "Capitalism isn't born, it expands" (383).

This definition based on capitalist "comportment" could have been the starting point for a provocative contribution, but they do not really explore the definition or probe its limits. Under this definition would any society other than the most primitive not be capitalist, since most people will be *affected by* capitalists in some way even if there are very few capitalists —for example, by the ability of a government to borrow from capitalists and use that money to enter wars that non-capitalists must fight, or build roads that non-capitalists can travel? And what exactly is individual profit, and what is rationality—is the religious figure a capitalist if she identifies her individual profit as religious salvation, and practices such as daily devotion the rational means of getting there? Are the medieval parents scheming for a clever marriage for their progeny capitalists? I'm not convinced we can leave behind more traditional definitions of capitalism as constituted by private property and market exchange, but I would have loved to see a more serious exploration of the possibilities and limitations of this definition based on capitalist comportment.

Nevertheless, the book usefully puts a large amount of information between two covers, and despite some major omissions (Giovanni Arrighi and Greta Krippner are notable absences in a book making a historical argument about the rise of finance), one could assign this book to French-speaking students looking for a quick overview of recent scholarly perspectives from France and the U.S. on the history of capitalism.

Max Besbris · 2020

Upsold: Real Estate Agents, Prices, and Neighborhood Inequality.

Cambridge: Polity Presss

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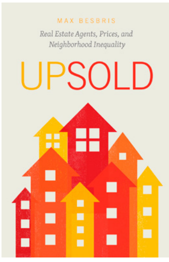

Upsold is the product of a thorough ethnography of the New York City real estate market, with an emphasis on the interactions between real estate agents and potential buyers. Max Besbris proposes this approach as the key to understanding both the market and the city, discussing preferences and prices as emerging from the situated interactions that are at the core of the buying and selling process. This theoretical perspective is entirely consistent with the data collected: over two years of fieldwork, the author accompanied twelve real estate agents and more than fifty potential buyers to open houses in their search for a suitable home. The focus is on the role of intermediaries and the practical ways in which they exert influence over buyers and their preferences. Resembling Pierre Bourdieu's *Social Structures of the Economy,* Besbris complemented ethnography and interviews with quantitative data to show how these quotidian and micro-market scenes have an aggregate impact on inequality in the city. As such, *Upsold* is a very interesting work for socioeconomics scholars interested in market transactions and intermediaries, as well as for researchers of urban dynamics.

After a brief introduction to the institutional development of real estate brokerage in U.S. national and urban history, the first chapter presents the resources and strategies that real estate brokers put in motion to establish their authority vis-à-vis potential clients. The development of real estate websites that provide market information to sellers and buyers challenged the exclusivity of real estate agents over listed units and thus the need for brokers. So what can they bring to the table? By helping buyers envision their life in a specific property, they offer a kind of matchmaking service that is not available on the internet. They help buyers feel confident and smart about their choices, building a narrative of a good investment both financially and in life, deemphasizing their economic interest in the transaction. During this search, real estate agents tailor the buyers' experience in the market and have them acknowledge their expertise by reminding them of market trends, bringing up resale prices, and commenting on neighborhood amenities during the home tour.

Chapter 2 explores the role of emotions in economic transactions and how they are promoted throughout the interaction. In the context of this most unusual and important purchase, buyers also rely on their emotions and intuitions as sources of information and cues to create meaning and value. Therefore, real estate agents try to elicit positive and negative reactions to orient the search and purchase process in certain directions. References to market statistics and inventory shortages in the city are used to expedite the deal and get buyers to make higher offers. While they believe this is a realistic representation of the market and this pressure is in the best interest of buyers, it also benefits real estate agents. This will frame the rationality of transactions, justifying, in the buyers' memory, the convenience of the purchase, despite the anxiety suffered. Realtors also strategically sequence visits to open houses to highlight those options they consider most suitable for buyers and, thus, reinforce their authority. During these visits, conversations, shared meals and other interactions, the expression and perception of emotions are used as a way of inducing the valuation of certain features, which agents expect buyers to appreciate, and as an index of buyers' emotional attachment to certain units. But the effectiveness of the whole *modus operandi* depends on the accuracy of the buyer profiling done by agents. Through an informal assessment of buyers' interests and lifestyles based on their demographics, real estate agents match people and places. The realtors' configuration of choices reinforces symbolic boundaries in urban space and reproduce biases about who should live where.

Not only do choices differ according to the class, gender, or race of buyers, but also the interactions made by real estate agents reflect the wealth inequality of buyers and the malleability of prices (Chapter 3). It seems to drive differences related to the assumption about what kind of economic rationality buyers have, their relationship to money, and how much they must instruct buyers about their options. In the case of wealthier buyers, those whose maximum price is above the average price of a property in the city, the evaluation will be based on architecture, history, and location. Monetary or financial options will not even be discussed; in contrast, less affluent buyers need to "walk hand in hand" throughout the process. Here, the evaluation of properties is based on how much they can get for their budget in terms of space or functionality and highlights the new owner's status. These different ways of deploying the interaction, lead the former to be upsold much more than the latter. Thus, wealthier white people spend much more money in already expensive – and mostly white – neighborhoods, fueling price escalation and attracting other improvements.

Finally, Chapter 4 links patterns of interaction in the purchase made with the help of real estate agents with some quantitative data on housing prices and neighborhood demographics to show the role of these intermediaries in the production of inequalities. The spatial density of real estate agencies is positively correlated with the speed of price escalation and racial segregation. At this point, the author shares some observations regarding the licensing class offered by some of the training centers in New York City. In these courses, agency locations are discussed in terms of neighborhood profitability; higher prices lead to higher commissions. But higher prices could – and should – be boosted by real estate agents: price growth is seen as desirable for all parties, benefiting investors, agents, and neighbors. Finally, the author highlights how ethical issues regarding racial segregation and their legal responsibilities to fair housing are neglected, while instructors encourage the emergence of "clients' ethnoracial preferences" to steer the search by reifying bias. Taken together, the axes of wealth and race that organize interactions translate realtor distinctions in housing prices and wealth inequality between white and non-white neighborhoods.

In the context of a growing interest in financialization and other innovations in the housing market, *Upsold* brings some new insights into very common, but largely ignored, aspects of the real estate business and relates them to contemporary concerns about inequality. There are three main contributions of the book. First, the commitment to the interactional approach in socioeconomics, not only at a theoretical level but also with a very well designed empirical strategy. By doing so, this research brings back to the spotlight a neglected micro-dimension of social reproduction in general and markets in particular. Second, the interest in brokers as economic agents and the role they can play as interactional knots, making up the quotidian fabric of market relationships. Third, the effort to connect these observations with the macro-structuring of urban inequalities. Even when the results may not seem surprising, the research has the virtue of opening up the black box of several *hows*. For instance, how inequality emerges as an outcome of a process of making sense turned into one of making value through pricing and market dynamics. In this regard, Besbris could benefit from a more explicit comparison between buyers who used and did not use brokerage, between buying and selling agents, and also between New York and other cities' real estate markets. Nevertheless, it will be very interesting to see how his ideas enter into dialogue with other attempts to explain the housing market and urban inequality.