Book reviews

Fabien Éloire and Jean Finez · 2021

Sociology des Prix.

Paris: La Découverte

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Sociology des prix – a sociology of prices – is a short handbook by Fabien Éloire and Jean Finez aimed at a student and researcher audience. Although prices figured prominently as a research object in the early Durkheimian school of economic sociology, they were thereafter abandoned and left for economists to study. It is not until the 1980s that prices were rediscovered by the new economic sociology. Sociologists have since contributed to debates on prices in two different ways. According to the authors, first, they have shed light on the variety of price determination mechanisms, whilst alternative approaches in economics only consider prices as the result of an adjustment mechanism between supply and demand. Second, the sociology of prices has gone back to its roots and theorized prices as *social facts* – that is, as the result of social practices with not only an economic but also a cultural and symbolic dimension.

The main contribution of the book lies in the typology of price determination mechanisms provided by the authors. With this typology, Éloire and Finez aim at offering a synthesis of a vibrant research field that has not yet developed into a consistent and cumulative research program. Price determination mechanisms are classified according to two different dimensions. First, prices may emerge while the transaction is being conducted or be set before the transaction even happens. Hence, temporality matters, as it reflects different modes of market organization and thereby of price determination. Second, prices are the result of a more or less competitive process among market actors, both on the supply and demand sides. Crossing those two dimensions, the authors obtain four distinctive price determination mechanisms: *autoregulated prices, administered prices, composed prices,* and *negotiated prices.*

The claim of novelty accompanying the typology of price determination mechanisms may nonetheless not sound very convincing to economists and economic sociologists. Economists do take into consideration temporality and the degree of competition in their price theories, and sociologists rather emphasize other social, political, and cultural factors affecting price determination. It might thereby have been worth addressing this issue by providing a typology based on the specific contribution of sociology to the understanding of prices, rather than borrowing concepts from economics to do so.

After a short introduction and a theoretical section in the second chapter of the book, each remaining section presents and illustrates one of the abovementioned mechanisms. Autoregulated prices result from the confrontation between internally competitive supply and demand during an auction-like process. This mechanism is well-known by economists, who see it as the soundest path to achieve market equilibrium and optimize the well-being of transaction participants. The focus of sociological approaches lies nonetheless not only on the equilibristic and optimizing features of the process but also on the conditions of its possibility. Drawing on a plurality of empirical studies, the authors show that autoregulated prices are produced by complex organizations relying on technologies and various market intermediaries. In other words, institutional work guarantees the emergence of autoregulated prices.

Unlike autoregulated prices, administered prices are determined prior to the transaction and are the outcome of political, moral, or legal decisions. Competition among buyers and sellers is of little relevance, and in some cases markets with administered prices are even natural and state-controlled monopolies. Administered prices may also be used as incentives – that is, as ways to control individual and organizational behaviors. This is the case in the contemporary French pharmaceutical industry, for instance, where clients are guided towards drugs with high therapeutic potential by lower administered prices.

Composed prices are also established prior to the transaction, but unlike for administrated prices, competition plays a key role in the process. Producers strive either to determine the right pricing strategy through careful monitoring of their competitors or to

merely outcompete them with the lowest possible price. The state still decides upon the rules of the game and how competition should manifest itself in the mechanism of price determination. The last section of the chapter interestingly sheds light on technologies enabling tight monitoring of the market and thereby immediate adjustment of pricing to the state of competition. This is the case in passenger transport industries, for instance, where *yield management* has been used to offer prices that reflect the availability of seats on a real-time basis. It is also noteworthy that customers are in most cases price-takers when prices are administered or composed.

The fourth category is that of negotiated prices. Negotiated prices are determined during the transaction through a bargaining process between a seller and a buyer that are not embedded in a competitive market structure. Negotiated prices are the result of a one-on-one setting in which actors follow cultural scripts on how to behave. In addition, Éloire and Finez argue that negotiated prices reflect relations of domination and are thereby only negotiated to a certain extent. For example, the room for maneuver of a bank facing the potential departure of a trader who possesses valuable information on the market is rather low, which often leads to the offer of high wages.

At the end of this journey through sociological approaches to prices, one is nonetheless left wondering whether the notion of mechanism is the right theoretical tool to rely upon. The focus of the book is rather on the embeddedness of price determination mechanisms than on the mechanisms themselves. Chapter 1, for instance, discusses the conditions of possibility for the mechanisms to operate, but it remains fairly silent on their cogs and wheels. From a more epistemological standpoint, one may also contest the usage of a mechanistic lexicon that leaves very little room for analysis of actors' reflexivity in pricing practices.

Besides the few abovementioned critiques, the book is a valuable tool for economic sociology teachers and a stimulating introduction to the field of sociology of prices. The variety of case studies on which the book draws gives it a great dynamic and arouses curiosity throughout the text. Finally, the book fulfills its main aim rather effectively. Although one may argue for or against the suggested typology, it constitutes a useful conceptual tool to bring a bit of order to a sometimes overly chaotic research field.

Benjamin M. Friedman · 2021

Religion and the Rise of Capitalism.

New York: Alfred A. Knopf

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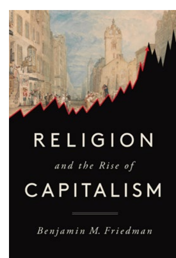

In *Religion and the Rise of Capitalism*, political economist Benjamin M. Friedman examines the religious roots of contemporary economics and economic policy in the United States. In parallel to Max Weber's famous thesis that the "spirit" of capitalism has its roots in Protestant, particularly Calvinist, ethics but became unmoored from them over time, Friedman argues that while many Americans do not personally adhere to the religious convictions that form the basis of contemporary economic policy ideas and economics as a discipline, both were fundamentally shaped by religious convictions prevalent in England and Scotland in the eighteenth and nineteenth centuries and in the United States in the nineteenth and twentieth centuries. Thoroughly researched and filled with historical detail, the book can roughly be divided into two parts: the first third with its focus on economic thought as it emerged in the "Old World," and the latter two-thirds with their focus on how it subsequently developed in the "New World."

To develop his argument, in the first third of the book (Chapters 2 to 6) Friedman begins by tracing the trajectory of the economic thinking of David Hume, Adam Smith, and their contemporaries in the eighteenth century and interprets it in light of the dominating religious worldview and discourse of the time. This religious setting was shaped, on the one hand, by remnants of orthodox Calvinism, a counterreformation of sorts to the "original" Protestant Reformation inspired by Martin Luther in the sixteenth century, and, on the other, by increasing Arminian countercurrents that criticized the Calvinist doctrine of predestination and the supposed futility of human action, instead emphasizing individual agency in shaping one's own destiny. Carefully reconstructing emerging economic theories (at the time called moral philosophy and later political economy) in England and in continental Europe, on the one hand, and Calvinist and Arminian thinking, on the other, Friedman develops the argument that the in-

tense religious debates on human depravity vs. innate goodness, on predestination vs. human agency, and on the glorification of God vs. human happiness as divine intent inherently shaped Hume's and particularly Adam Smith's foundational insight that economic progress furthers societal progress and, if applied correctly, can function to increase an entire society's standard of living.

In the latter two-thirds of the book, the author shifts the focus to the New World, arguing that religious and economic values were (and continue to be) deeply interwoven across the Atlantic as well. The mainly postmillennial worldview that characterized the majority of religious denominations in the late eighteenth and in the nineteenth century – that Christians are called to prepare for Jesus's Second Coming, as foretold in the Bible, by creating as perfect a society as possible, a "heaven on earth" – resonated well, Friedman argues, with the conviction that economic progress would benefit society as a whole. The American Revolution, the creation of Jacksonian democracy, and ensuing westward expansion, fueled by economic activity such as building canals and railroads and fostering commerce, created a growing sense of importance regarding the role of individual agency for political and economic development and mirrored the turn away from orthodox Calvinism's predestination ideas a century earlier. In the course of the nineteenth century and particularly after the Civil War, Friedman continues, the growing economy, particularly ever larger firms that consolidated labor and capital, and subsequent large-scale urban poverty rampant not only in the United States raised questions regarding economic policy in democratic societies that Smith, two centuries earlier, had not been able to foresee. Around this time, as part of the larger professionalization of academia, economics as we understand it today began to emerge as a discipline distinct from political economy, incorporating mathematical models and thus increasing its analytical capacity.

At this point, Friedman differentiates between economics as a discipline and ideas on economic policy as held by broader society, maintaining the argument that the latter are rooted in a religious worldview that is no longer immediately apparent today. Whereas in the late nineteenth century this worldview was still strongly postmillennialist, beginning in the early twentieth century premillennialist understandings began emerging that would have a profound impact on economics. While postmillennialism focuses on improving or "perfecting" society in preparation for Jesus's Second Coming, premillennialism assumes that this attempt is futile because divine grace is bestowed only on the "saved" and only in heaven. Premillennialism thus has a stronger individualistic strain, focusing more on personal conversion and the beyond than on broad-scale societal commitment in the here and now. Correspondingly, Friedman continues, two vastly different religious visions for the nation's economic ethos and development emerged around the turn to the twentieth century: the Social Gospel, propagating government intervention in the market and a collective responsibility for the nation's downtrodden; and what Friedman calls the "Gospel of Wealth," advocating small government, unrestricted markets, and individual responsibility for economic prosperity. The latter, premillennialist position, he argues, profoundly shaped the development of American economic policy in the course of the twentieth century. Emphasis on individual economic agency – and understandings of liberty as the individual's freedom to engage in economic activity – were further solidified during the Cold War and the American opposition to communism.

A short book review cannot do justice to the detailed research on the religious roots of contemporary American ideas on economic policy presented in Friedman's 500 pages of text (plus endnotes). Friedman's simultaneous broad thematic scope and close attention to historical detail vividly illustrate the interrelated development of religious and economic thinking on the European and North American continents. A slightly more succinct line of argumentation might have expanded the analytical scope of the argument, allowing the author to recap, in the metaphorical nutshell, how precisely he perceives religious and economic thought to be intertwined. A clearer distinction between economic policy ideas and economics as a discipline, concepts that he frequently differentiates but sometimes uses interchangeably, would have further served to specify the argument. Reference to related ideas and debates in economic sociology and American Studies – such as the social embeddedness of economics, which is a central part of his argument but not articulated as such, or the discourse on American exceptionalism, which is mentioned only in passing – would have added to the book's already impressive scope. That said, the main arguments – that anti-Calvinist, Arminian religious convictions as well as a decisive premillennial religious worldview have profoundly shaped ideas on economic policy – are as insightful as is the fundamental observation that although the field of economics is a product of the Enlightenment, it has nevertheless been profoundly shaped by religious thinking (an observation, incidentally, that also holds true for most other societal fields emerging at the time).

Megan Tobias Neely · 2022

Hedged Out: Inequality and Insecurity on Wall Street.

Oakland: University of California Press

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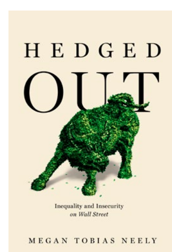

Megan Tobias Neely's book *Hedged Out: Inequality and Insecurity on Wall Street* (2022) was brought to my attention while I was researching Melvin Capital, a New York-based hedge fund managed by Gabriel "Gabe" Plotkin. Melvin Capital made the headlines in January 2021 when it incurred substantial losses during the GameStop short squeeze (Aliaj, Mackenzie, and Fletcher 2021). At that point, Citadel's Ken Griffin and Point72's Steve Cohen invested US$2.75 billion in Melvin Capital to help Plotkin deal with his fund's losses (Aliaj 2021).

Why did Griffin and Cohen inject emergency cash into Melvin Capital? The answer is simple: before launching Melvin, Plotkin worked at Citadel and then at SAC Capital Advisors, which is Cohen's old hedge fund (Kolhatkar 2017). As the GameStop events unfolded, readers of the *Financial Times* were unsparing in their criticism of Plotkin, Cohen, and Griffin. According to a reader, "all these ******* should be closed down IMO. They are only here because of friends in the city and cheap finance – nothing clever about that" (Aliaj 2021).

Hedged Out is a remarkable sociological study of the hedge fund sector in the United States. Neely offers useful analytical tools to capture how the Plotkin-Cohen-Griffin saga is emblematic of a larger problem: the US hedge fund industry is a hotbed of class, race, and gender inequality. It generates extreme wealth and privilege for a 'power elite' (Mills, 1956) of mostly white men. This highly unequal and non-meritocratic system supported Gabe Plotkin as a member of the hedge fund power elite, making sure that Melvin Capital was kept in business for more than a year. Melvin Capital eventually shut down in May 2022 (Aliaj and Fontanella-Khan 2022).

Drawing on extensive field research and her own experience working in the hedge fund industry, Neely explores how hedge fund insiders "hedge out" outsiders based on class, race, and gender. In so doing, they create an elite group of mainly white men who are in a dominant position in terms of authority, status, and wealth.

A hedge fund is an investment management organization that pools money from rich investors. It has a wider investment latitude compared to other institutional investors like mutual funds and pension funds. In other words, hedge funds can speculate more on financial markets and can borrow a lot of money to engage in such speculative activities. Recent annual data (Preqin 2022) show that there are about 12,000 hedge funds in the world, managing over US$4 trillion in assets. The US is the leading country in terms of assets managed by hedge funds.

Since Alfred Winslow Jones launched the first hedge fund (then called "hedged fund") in 1949, US hedge fund managers such as Michael Steinhardt, George Soros, Julian Robertson, Paul Tudor Jones, Jim Simons, and a few others have become famous for being nonconformist individuals and for having personalities too big to fit into bureaucratic organizations like investment banks. These hedge fund tycoons captured people's admiration and resentment. They are seen as independent thinkers pushing the frontiers of financial innovation and making capital markets more efficient, while profiting enormously in the process. At the same time, critics have shown how hedge funds make financial markets more volatile, precipitate currency crises, negatively influence democratic politics, make too much money, and avoid taxes (Mallaby 2010; Fichtner 2016; Zuckerman 2019).

In *Hedged Out*, Neely offers an original perspective on hedge funds that enriches existing critical accounts. Building on Raewyn Connell's (1987) work in gender studies, Neely advances "hegemonic masculinity" as a construct describing the dominant ideology in the US hedge fund industry. Hedgemonic masculinity legitimizes the power of elite white men in the hedge fund sector. Everyone else must conform with the rules and practices justifying the interests of elite white men as power holders and big earners.

Neely shows that a person who wants to work in the hedge fund industry needs to be a "good fit," which means conforming with the ideology of hedgemonic masculinity. Within this ideological system, class, gender, and race intersect and influence people's positions and careers.

An elite white man is likely to join the front office of a hedge fund. This is where investment research and trading are done – this is also where people earn "big bucks." An elite white woman is likely to work in client services. This is a front-office area, but less prestigious than research and trading. A client-service role is known as the "mommy

track" – that is, a family-friendly job suitable for mothers. In 2013, hedge fund titan Paul Tudor Jones famously stated that women are not good traders because they are focused on "the most beautiful experience […] a mode of connection between that mother and that baby" (Johnson 2013).

A first-generation immigrant black woman with an MBA from a state school is likely to work in the back office, which includes supporting administrative and legal tasks. Back-office positions are more diverse in terms of gender, race, and class, but are paid less and have fewer promotion opportunities.

In other words, upper-class, usually white, men enjoy a fast track to top positions. Others must proceed through a more crowded and less prestigious track. Although some make it to the top coming out of the second track, generally the hedge fund industry favors elite white men.

The most interesting part of *Hedged Out* is the analysis of aspiring hedge fund managers and their paths to entrepreneurship (see chapter 6). To launch a new firm, would-be hedge fund founders must embody hedgemonic masculinity, have personal connections to wealthy investors, and be able to access a patronage system where established hedge fund managers provide training, seed funding, and mentorship. Tiger Management's Julian Robertson is the most notable example of such patronage system. Robertson "seeded" over a hundred affiliated firms, which are managed by protégés colloquially known as the "Tiger Cubs" (Mallaby 2010).

Gabe Plotkin benefited from being in Cohen's and Griffin's good graces. His hedge fund Melvin Capital was bailed out during the 2021 GameStop short squeeze, but that was not enough to weather a market downturn a year later. In May 2022, Plotkin announced the liquidation of Melvin Capital's assets and acknowledged his need to "step away from managing external capital" (Aliaj and Fontanella-Khan 2022).

We will have to wait and see what Plotkin's next move will be in an industry built on hedgemonic masculinity. Has Plotkin been hedged out of investment management and his patronage system for good? How will he cope with professional failure? *Hedged Out's* concluding chapter about fragile masculinity in the hedge fund sector is particularly relevant in this regard. As Neely (2022: 233) puts it, "[w]hen a hedge fund manager fails, it seems like a failure of their very identity."

I highly recommend *Hedged Out*. It is an insightful book about the US hedge fund industry as a microcosm of financialized America (Lin & Neely 2020).

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Timothy J. Sinclair · 2021

To the Brink of Destruction.

Ithaca: Cornell University Press

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When the global financial crisis began in 2007, there was no better place to look for expertise on credit rating agencies (CRAs) than in

Timothy Sinclair's writings – especially if you were looking for a critical perspective that went beyond legal issues or an economics point of view. The scarce literature in economics mainly criticized specific ratings or invented some very sophisticated "reverse engineering" methods in order to find out what variables CRAs were using. His 2005 book *The New Masters of Capital: American Bond Rating Agencies and the Politics of Creditworthiness* instead gave a historical overview that contextualized the rise of CRAs and provided us with an insightful and differentiated political economy of their power. This new book reflects his extensive expertise of studying CRAs for decades. However, a lot has happened since his 2005 book on the issue. Since the financial crisis of 2007, scholars have jumped on the topic of CRAs and provided us with a variety of explanations of their role in the crisis and more broadly in the financial system. What new insights does his new book provide, and is his perspective still useful for understanding post-crisis CRAs?

The introduction gets straight to the point with regard to the aims of the book. Sinclair's starting point is to challenge the conventional explanations of the 2007 financial crisis that were based on blaming individual actors and institutions like CRAs for greed or incompetence and on the notion of exogenous shocks that impacted an otherwise allegedly working financial system. These accounts, he claims, can neither explain why CRAs put their reputation at risk by changing their role from distant observers to active advisors in the construction of structured finance products, nor why they survived the crisis despite the scrutiny they faced in its first years. His answer to the first question is that leading up to the financial crisis, CRAs were confronted with increasingly harsh criticism that threatened their traditional status in the financial markets, to which they responded with a business and cultural shift. After the crisis, a lack of alternatives and the use of CRAs in regulations were crucial for them to survive. The third and most interesting point he makes refers to the exogenous approach: he claims that defining CRAs not as part of finance but as outside professional service providers helped to sustain the exogenous approach and prevented a more fundamental critique of the financial system as such. Sinclair instead proposes that a systemic and endogenous account which emphasizes structural issues within the financial system is better suited to explain the financial crisis and the role of CRAs.

The second chapter is a descriptive account of the role of CRAs, the rating process, and their role in finance, focusing on the "Big Three," Moody's, S&P, and Fitch. Sinclair starts by delineating the official definition and scope of ratings given by the major CRAs, namely that they are opinions and should not be read as recommendations or investment advice. However, due to their wide use in finance, these opinions have what Sinclair calls a "disciplinary force" on the rated issuers (e.g., changing strategies in anticipation of a downgrade), showing that ratings are not just one opinion among others but have far-reaching consequences. He also emphasizes that the rating process is not only a technical but also a highly social procedure.

The CRAs' role and position in the financial system fundamentally changed after the 1990s, mainly due to disintermediation, which shifted credit relations from banks to markets, rendering information on creditworthiness more important. The rise of Fitch as a third competitor to Moody's and S&P and several financial scandals like the Enron case threatened the integrity of the CRAs' traditional roles as well as their increased involvement in the newly invented structured products such as residential mortgage-backed securities. Within this scenario, Sinclair argues that CRAs have undergone two shifts. One has occurred in their alliance or loyalty, which was traditionally towards investors and is now shifting towards issuers. The second shift is more tangible: they went from rating a product presented to them just before market release (for instance a corporate bond) to being active participants in engineering structured securities.

His theoretical approach, which he delineates in the third chapter, is based on a critique of standard theoretical perspectives for understanding the role of CRAs and ratings in the financial system. For instance, he criticizes the functionalist explanation of what he calls the market-centered approaches. These neoclassical economics perspectives applied to credit ratings argue that ratings serve the function of providing information for buyers and sellers in capital markets. The discussion within this literature mainly revolves around how well the CRAs fulfill this function, but the framework does not allow for any questioning of the function as such and cannot take into account the complexity of the CRAs' position and role in the financial system. He calls his alternative perspective to understanding these issues the "social foundations approach": CRAs have to be considered important in finance because they are important for the relevant financial actors. There is what he calls a "collective belief" about ratings and the need for them, irrespective of the CRAs' ability to assess "true" creditworthiness. (While Sinclair uses Keynes's famous beauty contest as an analogy, it is also reminiscent

of Luhmann's concept of "expectations of expectations.") In consequence, "the source of their power is not just their immediate coercive effect on the cost of borrowing, but their broader impact on ideas and on confidence in markets, institutions, and governments" (p. 75). CRAs are therefore not outside the financial system, but relevant actors that shape it.

Chapters four, five, and six are the empirical backbone of the book. Sinclair first discusses the CRAs' role in structured finance that prompted the shift from outside observers to active engineers of financial innovations and their increasing importance in the fastest-growing financial market segments. He highlights that these structured finance products became a huge problem once they were used as collateral in repo markets, which, when doubts emerged about their quality, ultimately caused the Lehman Brothers bankruptcy in 2008. Chapter 5 describes the (surprisingly brief) period of time thereafter, when CRAs came under scrutiny. Using mainly US congressional hearings on CRA, he delineates the critiques by US Members of Congress and some former employees and the defenses presented by CRAs. The third and most interesting of the empirical chapters, called "Aftermath," tries to understand why CRAs recovered much better from the crisis than many other financial institutions and kept their central role in financial markets despite having been singled out as some of the main culprits of the crisis. His argument here is threefold: First, the US Government's efforts to liberalize the market and break the oligopoly of the Big Three has not been successful, mainly because of their reputational advantage over any start-ups and the investors' preference for large and established CRAs. Second, most regulations with regard to transparency only tackled the conflict of interests of individual rating analysts, failing to address more systemic issues of the practice of structured finance rating as such. Third, efforts to reduce the use of ratings to regulate other financial actors failed due to a lack of alternatives.

Sinclair uses these developments to highlight some fundamental problems of the market-centered approach. First, he questions the flawed premise of the regulatory efforts to break up the oligopoly, namely that weak competition was the reason for poor rating performance. More competition might not be effective in improving the rating quality, he argues, because "reputation is inherently exclusive and not necessarily meritocratic and sensitive to performance" (p. 153). Second, he criticizes the assumption that a rating can be a neutral and objective measure of "true" creditworthiness and that ratings are wrong because of wrong models, which can be fixed with more transparency and competition. Third, Sinclair claims that even if the dependence of regulations on ratings were reduced, this might not reduce their de facto epistemic authority.

In Chapter 7 he comes back to the broader aim he set up for the book: criticizing the mainstream explanation of the financial crisis based on the assumption of an exogenous shock on an otherwise well-functioning financial system. His thesis is that rating agencies were blamed because they could be regarded as institutions operating outside finance and their criticism would therefore not extend to the broader financial system. "A narrative of assuagement that focuses on institutions held to be outside finance has the advantage of being concrete and specific, and focused on the failure of things other than the financial markets themselves. This external or exogenous view of the causes of crisis reinforces the idea that finance itself is not the problem, only the human institutions that interact with finance, such as government or the agencies" (p. 166). Blaming individual actors such as CRAs shifts the focus away from more fundamental problems in finance. For instance, claiming that structured finance *ratings* are flawed deflects from questioning structured finance *products*.

Considering the strong arguments throughout the book, Sinclair concludes with some relatively tame remarks on what we should expect from rating agencies. His argument is that the expectations on CRAs are generally too high. Due to the inherent uncertainty of the future, he states, predicting it is too much to ask, even for organizations such as CRAs. Financial actors and regulators that use ratings to inform their decisions should take these limitations seriously. For the CRAs themselves, he suggests that they might stop trying or pretending to be predictive and instead might want to go back to their traditional role and produce what he calls "historical ratings," based on historical default data.

This book gives an excellent account of the developments before, during, and after the financial crisis, looked at from the angle of CRAs. Sinclair departs from the usual individualist explanations blaming specific actors for being greedy or incompetent and the notion that financial crises are exceptions to otherwise functioning financial markets. His "social foundations approach" and the multitude of examples that underline it help to uncover the implicit normativity of market-centered approaches and present a much more fruitful perspective to grasp the complexities and contradictions of financial markets.

For some economic sociologists, the theoretical argument

might not be that radical or innovative, and some wording might even irritate, such as the sociologically anachronistic "social fact," the quite crude dichotomy between structure and agency, or the distinction between "brute" (sometimes meaning the material world, sometimes meaning ratings derived from quantitative methods) and "social fact." There is also no systematic engagement with the influential literature on financialization (cf. Besedovsky 2018a). Having quite a few compatible arguments, connecting the two perspectives would certainly be mutually beneficial.

Perhaps more surprisingly, while Sinclair states that CRAs have an influence on ideas in finance, he does not address the concept over which CRAs have the most defining power: risk (for an attempt to do this, cf. Besedovsky 2018b). This is due to his focus on the systems or organizational level, while not engaging with the specific rating practices and the ideas and assumptions behind them. In some instances, this leads him to reproduce some of the misconceptions he tries to criticize. For example, when he emphasizes that the rating process involves not only statistical models but also voting in a committee, he reinforces the perceived dichotomy that quantitative analysis is a "purely technical" endeavor that can be "tainted" by "social facts" (which implies that decreasing the "qualitative" elements of a rating is the solution). This neglects the basic premise of STS and social studies of finance that quantitative practices are deeply "social" (i.e., socio-technical), and therefore any normative critique of qualitative judgments lacking neutrality needs to be extended to quantitative rating methods as well.

Despite his perspective giving us the tools to overcome exogenous explanations of crises and instead focus on the problems and contradictions within finance, Sinclair himself stays relatively vague in terms of pointing out what these are. The only issue he addresses explicitly are structured finance products and their use in repo markets, but it would be very interesting to know more about his thoughts on other issues.

Finally, while the two arguments concerning CRAs make sense individually, there is an inconsistency between them. On the one hand, Sinclair argues that the reason for their failure was that they became involved with the process of constructing structured finance products: "Not sticking closely to their core role proved to be a catastrophic mistake by the agencies" (p. 191). On the other, as Sinclair describes throughout the book, the CRAs survived the crisis and recovered astonishingly quickly to become striving companies once again. In hindsight, therefore, shifting their business model might not have harmed them in the long run, but actually increased how much other financial actors depend on them and ultimately secured their authority and position in the financial system.

Like Sinclair's 2005 book, *To the Brink of Destruction* will surely become fundamental reading for anyone interested in rating agencies, matched perhaps only by Giulia Mennillo's (2022) monograph that expands the scope to studying CRAs' societal impact and credit rating in China. The extent of Sinclair's empirical material, the scope of the book, and the capacity to grasp the role of CRAs in the context of the financial system will again serve as an unmissable resource for scholars studying CRAs. But even if CRAs are not their main interest in the world of finance, Sinclair's book is worth a read. He not only explains the importance of CRAs but also uses them as a focal point to follow around in order to narrate the story leading up to the crisis, its chaotic developments during the first years, and what happened in the aftermath. The story of the financial crisis might have been told many times by now, and quite a few aspects of Sinclair's story might seem familiar, but his effortless yet never simplistic writing strikes the balance between detail and generalization that is needed to understand both CRAs and the big picture.

Note

This review was commissioned and written before we all heard of the passing of the book's author: in memoriam Timothy J. Sinclair.

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