Introduction

Transitions to What? On the Social Relations of Financialization in Anthropology and History

Don Kalb

"Capitalism": a mode of production driven by private appropriation and private allocation of the social surplus. A mode of "endless" accumulation of capital. Most succinctly, and David Harvey's favorite definition: "value in motion" (Harvey 2017). "Finance": money capital. Money begetting money via the circulation of property titles and claims to future income from those titles in the form of "monetary streams" (Robbins, this volume); the driver of speculative and fictitious accumulation. "Financialization" or "financial expansion": the process by which the reproduction of societies as a whole becomes ever more dependent on finance, credit, debt, and on the logic of speculative money capital; a historical predicament in which the imperatives of finance increasingly capture and dictate the social and political forms that feed it.

Capitalism is always also a governmentality, a morality, a subjectivity. The relations to economic characteristics are never one-to-one, though, and are always partly contradictory. Moreover, since capitalism is value in motion, not defined by territory and place but by movement in space, a movement led by a succession of alliances of places and state-nations in an open ended process of accumulation, it is supremely territorially and socially uneven. This unevenness includes subjectivities, moralities, and ideologies. In world history, this unevenness combines *histories* within the wider sweep of *History*.

Financialized capitalism tends to generate governmentalities, moralities, and subjectivities, which are different from those characteristic of industrial or merchant capitalism, even while it merges with the historical sediments of these earlier and now subordinate forms. Capitalism and finance have

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

always been as deeply political as they have been social. Indeed, they are, in the largest possible sense of the term, *relational.* That makes them even more contradictory, agonistic, and antagonistic, shot through with frictions and divisions. The "purely" economic cannot exist and has never existed, as Marx and Polanyi powerfully remind us. This is a popular intellectual fallacy derived from a "stark liberal utopia," a bourgeois myth. This myth is sustained by hegemonic actors and their preferred forms of knowledge—such as the economics discipline—precisely because its distortions engage in crucial battles for securing "the law of value" amid its ubiquitous political moments. We deploy a relational approach that assumes that value and those political moments are not narrowly "economic" or "political," but emerge out of deeply lived social relations, constituted on scales both intimate and epochal, within and against which humans live their lives and histories, indeed on which they depend for their social reproduction (for "relational approaches," see Emirbayer 1997; Kalb 1997, 2013, 2015; Kalb and Tak 2005; Pitluck, Mattioli, and Souleles 2018; Tilly 1998, 2001).

The last forty years have been a period of major financial expansion, ushering in a series of financial crises of which the consequences are still rippling through into a future that remains unknown. Throughout those credit and debt crises, global indebtedness has steadily increased. It is now, in mid-2019, around 300 percent of Gross Global Product. The financialized predicament of humanity is now more profound and more universal than ever before. Every life-course and social biography, everywhere on the globe, is willy-nilly infested with and structured by moments of financialized extraction on behalf of the owners of money capital, via public or private relations of indebtedness, or some combination. Those debts are in large part both held and owed by expanding groups that consider themselves middle classes. Their assets (housing, savings, investments, insurance policies, pensions) are growing in tandem with the wide availability of steadily cheaper credit, as in any common pyramid scheme, making the ultimate equation of costs and benefits complex and often utterly contradictory. Moreover, in some highly financialized, advanced capitalist locations, like the United States and Japan, public and private indebtedness together may reach as high as 500 percent or more. Others, like Germany, are still marked by a certain "financial repression," in public and private sectors alike, both in inherent ideologies and in practice (Weiss, this volume). The exact relations, proportions, and articulations are variegated. Some peripheral societies are still only weakly bankable. Others are becoming gradually financialized as part of an elite project, cutting out large segments of local societies from credit flows, like Azerbaijan (Barrett, this volume). Others again, like South Africa (James, this volume), India (Kar, this volume), and much of Latin America, are witnessing political projects on the Right and

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

the Left that aim to mitigate incipient financialization with modestly redistributive transfer programs.

Those financial crises—the last one strictly speaking 2007–14, but projecting a long shadow forward—have caused social disaster and political and economic shock in many places, in particular in the social and geographic peripheries of the West, from Greece (Kofti, this volume) to Croatia (Mikuš, this volume) and Spain (Buier, Morell, this volume). The data and main events are well known, from mass dispossession of housing-collateral to mass unemployment; secular stagnation; accelerating inequalities between classes, generations, and territories; and the deep ongoing historical conundrum of the simultaneity of Quantitative Easing by central banks combined with deliberate austerity on the part of governments (with the crucial exception of China, as I shall explain below).

The crisis and its aftermaths have been a feast of accelerated learning about money, finance, and capitalism in general. Anthropology has been an active contributor to that learning, alongside history, literary studies, feminism, philosophy, sociology, and political economy. Economics, as an academic discipline and as a managerial profession for the daily running of capitalism as we know it, has found it harder to allow heterodox thinking in its midst, and yet the number of contrarian economists and their blogs has multiplied. The cumulative insights of all these scholarly endeavors are exciting. Gone is the stillness of neoliberal and neoclassical truisms perpetually recycled during the 1989–2007 *belle époque*. Some of this new writing has been explicitly anti-capitalist—the more so, it seems, since we have started to appreciate the close association of capitalism with impending environmental disaster. Capitalism cannot do without endless growth. This applies with a vengeance to indebted societies: credits are based on projected growth; otherwise, the debts can never be paid back. And so we have rightly started to talk about the "Capitalocene" rather than the Anthropocene. During the recent learning, the classics, such as Marx, Mauss, Schumpeter, Polanyi, and Keynes, have been revisited and sometimes realigned.

Added to this economic turbulence is the related and dramatic crumbling of the liberal center within Western politics; worldwide mobilizations of polarized and populist politics (Kalb and Mollona 2018); the spread of illiberal forms of rule (Kalb and Halmai 2011; Kalb 2018d), increasingly anchored in notions of civilizational difference; the reemergence of plutocracy and the escalation of inequalities (Carrier and Kalb 2015); the multiscalar political confrontations around globalization and sovereignty; the accelerating decline of Western hegemony and the rise of a China with obvious and predictably durable non-Western characteristics. All of this is profoundly interwoven with the deeper causes, mechanisms, and effects

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

of a financialized global capitalism in crisis. Finance, then, appears both as motor, medium, and outcome of the contemporary predicament, impossible to disentangle from the wider historical social ensemble—a driver as much as an expression of contemporary global capitalism in crisis and emergent transformations. But transformations to what?

In the recent past, anthropology has often seen itself mainly as a micro-ideography of the subjectivities and practices of particular people in particular places—a tendency epitomized by the cultural turn of the 1980s and 1990s and recently again by the rise of ontology and its extreme cultural and cognitive relativism. But a few were never content with local cultural narratives and preferred to analyze the push and pull of verifiable social relations in time and space, of livelihoods and politics, thus deploying relational approaches. Some even dared to embrace explanation as against mere description. Economic anthropology and above all anthropological political economy have inclined toward this mode. The present collection features state-of-the-art articles in this latter vein. Our authors seek to discover and explain the contemporary social relations of financialization in various parts of the world, emphasizing relational forms and contestations, which are sometimes open and explicit, at other moments quasi-private and ambiguous (see also Pitluck, Mattioli, and Souleles 2018). Sometimes these forms seem decidedly local; but even then, these often turn out to be thoroughly multiscalar, from transnational interactions to hierarchy within the household. These interests depart significantly from the model that has come to be expected of the anthropology of finance. We are here not primarily concerned with "cultures of finance" or with modes of knowledge and other priorities of the somewhat misleadingly named "social studies of finance" (Ho 2009; Hertz, 1998; Zaloom, 2010; Appadurai, 2015; LiPuma, 2017). Rather than investigate finance per se, we approach financialization as a relational and uneven process over time and space. This also goes beyond earlier anthropological work on money (Parry and Bloch, 1989; Hart, 2001), which brought much insight into the cultural meanings generated through exchange practices but neglected capital and capitalism. The same can be said of recent empirical studies of indebtedness and redistribution (James, 2015; Ferguson 2015). Compared to all these authors, we are more interested in capitalism as such, in the big story that seldom emerges in other genres—even while many of our case studies engage with households and localities. Our studies are above all relational—in both the microanthropological and the macrohistorical sense—ethnographical, as well as theoretical (see Kalb and Tak 2005; Smith 2014; Di Muzio and Robbins 2016).

The more pregnant insights of anthropology often emerge from conversations between the "very micro" and "very macro" modes of enquiry (Wolf

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

1982, 2001; Mintz 1986; Goody 2004, 2009; Graeber 2011). David Graeber's *Debt: The Last 5000 Years* obviously stands out when it comes to finance. In this introduction, I take inspiration from Graeber's world historical gesture and mega-timeline. Graeber was inspired by Mauss. His work has centered on debt, morality, and the gift.[1] Mine will be eclectically Marxian with overtures to Polanyi, Schumpeter, and Keynes. It will be oriented toward rethinking capital, capitalism, financialization, and crisis—inevitably, then, also class, politics, and the state. And, why not, morality as a contradictory, dynamic, and agonistic aspect, fully intertwined with the pressures, politics, and relations of the day.

Money, Whence and How So?

Where does money come from? It should not come as a surprise that in the context of a powerful worldwide financial expansion, some new (old) truths have been (re)learned. Hadas Weiss's German informants would probably tell you that money is wealth coming from labor, productivity, competitiveness, and saving (Weiss, this volume). In believing this, they flexibly combine vernacular versions of a Ricardian labor theory of value with a Schumpeterian theory of competition. Some of her interlocutors may add a further "ordoliberal" element: overall societal efficiency matters for the successful accumulation of money, and therefore for mass prosperity. German society, in that vision, is like a social machine that puts a set of hard and soft public utilities to work, from morality to law to institutional design to production to social discipline. Here is German pride in a nutshell. "Germany works and competes," and seeks to do so better than others, which is why it will amass export earnings—the German mission since its unification in 1873. There is more than a whiff of vernacular mercantilism, too, in that narrative.

When I grew up in the sixties and seventies, something like this vision of money and wealth was also obtained in the Netherlands—despite a history that is deeply different from that of the neighboring German state, a history that has from its inception been merchant capitalist and overtly financialized. Compared to Germany, it is therefore historically much less equipped with a popular labor theory of value—despite a shared Protestantism. When I studied the Philips Corporation in the 1980s, with its headquarters in Eindhoven (Kalb 1997), the management had only recently stopped bringing employees together at work for "social meetings," where they would be tutored on the importance of saving part of their salaries. With the savings of the whole army of the nation's industrial employees (Philips was the largest private employer in the industrial heydays of the Netherlands, in the

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

1950s and 1960s, employing around 100,000 people across the country), the banking system would be enabled to transform savings into new capital cheaply, and so propel further industrial growth, which in its turn would generate higher incomes, more consumption, and more savings. Workers in Eindhoven factories believed in this theory, as did Weiss's German interlocutors. Possibly, this sensibility about wealth and money accumulating through labor, savings, and investments in material production was shared worldwide in those heady modern days, including in the socialist and the developing world. It was still believed until very recently in China. That narrative echoed the way contemporary development economics talked about modern economic growth and "take off." It reflected the actual workings and relationships of a still largely Fordist and industrializing economy amid the financial repression of those postwar days, which Keynes had so emphatically recommended. It was also regularly voiced in World Bank recommendations, and it sometimes is to this day (Robbins, this volume). The United States and the United Kingdom have always been slightly different. They are the great capitalist historical hegemons, where the stock market and private credit, and therefore speculation and debt, had played a much larger role since the early twentieth century if not earlier, both *de facto* and in the popular imagination. On the European continent, mortgages, consumer credit, and suburban private living in family owned properties, as in the United States, were not introduced on a mass scale until the 1970s; in the rest of the world, even more recently, and very unevenly.

Such vernacular theories of the production of wealth relied ultimately on a simple underlying liberal theory of money, in which money was seen as a practical invention of the market. Adam Smith, for instance, believed that men had always evinced "the propensity to barter." But barter had its limitations in practice. As societies became more complex and large-scale, so the liberal theory went, barter became an inconvenience and a drag on trade. And so, out of the natural desire for expanded exchange, money was discovered. Money, either in the form of shells, or salt, or coins, became a universal medium of exchange in the Neolithicum, five thousand years ago, when human groups had become larger and mutual contacts intensified. For such a medium to last, however, it also had to function as a reliable store and measure of value, and it had to be portable. And, thus, precious metal appeared (Graeber 2011; Goetzmann 2016).

The great city–states and empires of the Bronze Age added to those key market functions of storing and measuring value: they gave the coins their sovereign imprint and a guarantee for their value that was as good as the credibility of the king. That value was believed to reflect their weight and composition of precious metals. Here, the liberal theory of money merges fully with the "metallist" theory of currency. Humans began minting coins

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

from copper, bronze, and increasingly silver and gold, allowing a massive expansion in the space and time horizon of exchange. Metal money and its guaranteed value also served to make the emerging and rather violent class inequalities of the Bronze Age relatively secure and durable. This was the moment of emerging powerful empires in Eurasia, from the Roman Empire in the West to India and China in the East, with their unprecedented war-making, slave trading, and widely flung commerce; their dynamic urban economies, armies, and navies. Money and violence were the glue that held them together.

In short, it was this supposedly natural logic of expanding commerce, driven by all-human propensities toward exchange, that seemed to explain the historical appearance and function of money as we know it. The market invented money. Its function was universal exchange, standard measures, and the storing of value. Precious metal was its ideal medium. Subsequently, the state emerged, which then helped to institutionalize those market currencies. The point is that, in the liberal theory, money was imagined to be "neutral," hard, honestly reflecting the real value of its metal base in the market. Not "artificial" or "distortive." And this is indeed how it appeared throughout much of European history from the Greek city–states onward. Without exception, those West Eurasian states tended to be ideologically loyal to the metallist theory of money.

What a shock, then, for a Venetian merchant in the fourteenth century to be confronted with a non-European reality that seemed to work in the opposite way. Here is Marco Polo writing about his discoveries in China; a long quotation from the passage on "How the Great Khan Causes the Bark of Trees, Made into Something Like Paper, to Pass for Money All over His Country"; this, in order to taste the full flavor of his surprise and to give a sense of context and implications:

> The emperor's mint … is in this … city of Cambaluc … . You might say he has the secret of alchemy in perfection … for he makes his money after this fashion: He makes them take of the bark of a … mulberry tree, the leaves of which are the food of the silkworms, these trees being so numerous that whole districts are full of them. What they take is a certain fine white bast or skin … and this they make into resembling sheets of paper, but black. When these sheets have been prepared they are cut up into pieces of different sizes. All these pieces of paper are issued with as much solemnity and authority as if they were of pure gold or silver; and on every piece a variety of officials … have to write their names, and to put their seals. And when all is prepared duly, the chief officer deputed by the Khan smears the seal entrusted to him with vermilion, and impresses it on the paper, so that the form of the seal remains imprinted on it in red; the money is then authentic. Anyone forging it would be punished with death. And the Khan causes every year to be made such a vast quantity of this money, which costs him nothing, that it must equal in amount all the treasure of the world.

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

> With these pieces of paper … he causes all payments on his own account to be made; and he makes them to pass current universally over all his kingdoms and provinces and territories, and whithersoever his power and sovereignty extends. And nobody, however important … dares to refuse them on pain of death. And indeed everybody takes them readily, for wheresoever a person may go throughout the great Khan's dominions he shall find these pieces of paper current, and shall be able to transact all sales and purchases of goods by means of them just as well as if they were coins of pure gold. (quoted in Goetzmann 2016: 191–92)

Polo then continues to explain that in the lands of the Khan, foreign merchandise, gold, silver, pearls, or gems cannot be sold, except to the Khan himself. For this, he pays "a liberal price" with his paper money. "So he buys such a quantity of those precious things every year that his treasure is endless, while all the time the money he pays away costs him nothing at all." Then Polo concludes: "Now you … [know that] … the great Khan may have, and in fact has, more treasure than all the kings in the world; and you know all about it and the reason why" (quoted in Goetzmann 2016: 192).

This fragment does not mention that China's world leading paper, silk, and porcelain industries were state monopolies too, and that it was for these products that the steady stream of foreign merchants was coming. Nor does he add that these monopolies on world class luxury goods were a further support for a monetary state system that did not, as in historical Europe, run on the gold and silver controlled by wealthy merchant families or silver mine owning feudal dynasties such as that of the Fuggers. In Song China, it ran on mere state issued paper "that costs nothing," and that everyone was held to believe in and transact with.

Credit Monies and the State: Chartalism and Bourgeois Revolution

Against the background of Marco Polo's surprises in Song China, I want to shortly reflect on three issues: (1) "the state theory of money" and the theory of "credit monies"; (2) the Western amnesia of this theoretical tradition since the 1970s; and (3) its recent return, associated with the financial crisis, "Quantitative Easing," and the rise of "Modern Monetary Theory" and "finance as a franchise of public trust" (Hocket and Omarova 2017).

Song China was certainly an extreme case of "chartalism." Chartalism, or the "state theory of money," was developed by Georg Friedrich Knapp in 1905 in Germany (Knapp 1924; see also Graeber 2011), and was introduced a bit later into the English-speaking world by Alfred Mitchell-Innis. It builds on Say, Mill, Marx, and even some formulations of Adam Smith. Knapp and Innis showed that money as currency was not a special type of

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

commodity generated within the market, as liberal theory imagined, but rather a state-based invention backed by the (potential) tax base of the sovereign. Taxation and credit, not exchange between traders, were the origins of money. "There is no question," wrote Mitchell Innes, "that credit is far older than cash" (1913; quoted in Pettifor 2017: 15). Money issued by the sovereign state was in fact a deferred and guaranteed obligation by the sovereign to arrange payment of its commodity equivalent (in gold or grain or whatnot) to the holder of this money if so demanded—as nicely shown in the Marco Polo quote. This sovereign guarantee was secured against present and future "creditable" fiscal income. The deep pocket of the state, stretched over potentially "endless" time frames and extensive territories and populations, created what we might call an "infinite security." Song China is the perfect exemplar.

The state theory of money, then, argued against market-based ideas of money and ideas that have often been associated with "metallism theory." It claimed that the state had always in principle been able to create paper money ("from nothing") by issuing it as legal tender and accepting it for tax payments and other "vertical" obligations of its subjects. Not the value of precious metal, as such, but the credit and therefore credibility of the state enabled the making of currency. The chartalist account is one that gives priority to "vertical" and tax-driven money creation versus "horizontal" commercial money. Song China is the pure type, with public paper money already circulating extensively in the thirteenth century, if not earlier—Europe had to wait to the eighteenth century—and official metal coins with little inherent value going as far back as the age of Confucius. Elements of chartalism, however, have been present in almost all official state currencies, including in classic Greece and the Roman Empire (Scheidel 2009). This was so even when the sovereign for very practical reasons chose to produce bronze or silver coins with a nominal value close to their actual value in precious metal. Maintaining a narrative of a "sound" metal base for a currency was often a necessary imperial or royal concession to powerful oligarchies controlling substantial pools of currency, and thus helped to avert civil war. Or it could be, as in the Elizabethan English case, a way to align the state structurally with mercantile interests and attract the support and wealth of international traders from more wealthy continental states.

In a capitalist context, this potentially infinite security offered by state fiscal revenue subsequently helped to set such official currencies up as the basis for credit-monies. This at least is what happened in the West of the Eurasian landmass, but apparently not, or not at the same scale, in historical China (Rosenthal and Bin Wong 2011). In the West, seigniorial actors with a secured claim on the future tax incomes of the state could begin to write out loans against interest, not only from their present money

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

reserves, but also from their future guaranteed incomes (Vogel 2017; Di Muzio and Robbins 2016; Robbins, this volume). Credit money, then, is a claim on the future incomes of a borrower, who is now considered legally "junior" or subordinate; and it is provided by credit from a legally "senior" creditor based on the borrower's projected future revenues guaranteed by a sovereign. As Robbins points out in the next chapter of this volume, it is therefore in its core a speculative and fictitious process based on the realistic probability of a projected future, supported by the signature of the sovereign and based in the enforceable legal hierarchy between senior lenders and junior borrowers. In this way, the obstacles to capital accumulation and commerce posed by the inherently limited stock of existing precious metal were circumvented. Societies could now be flooded by credit, and this credit could sow the seeds for "endless" economic growth as well as for future tax intakes that could once again back up new cycles of credit money generation, and "endless accumulation" by the lords of finance.

For this to happen, then, the silver or gold reserves supporting the currency had to be swapped for the "infinite" tax base of the sovereign. But the sovereign, at the same time, also had to be made universally reliable in his payments to his creditors. The crown had to be subjected to binding rules. This dual move, the subjection and responsibilization of the sovereign in relation to financial claims by his "senior" creditors on his future revenues, combined with a monetary expansion driven by credit monies signed by seigniorial actors (bankers), is nothing less than the hard finance-capitalist core of what Marxists have always called the bourgeois revolution (Davidson 2017). The prime historical example of this is the Glorious Revolution in England of 1688, which overthrew the Catholic King James II and put the protestant invader William of Orange, *Stadholder* of the United Provinces (now the Netherlands), on the throne. The revolution subjected the sovereign to a parliament of landlords and merchant investors, not unlike the "raden" of bourgeois citizens in the United Provinces itself, and then went on to make the Bank of England in 1694, of which in fact the new king William was the largest investor-stakeholder (Clapham 1944; see also Robbins, this volume; and Kalb 2013, 2018b). In other words, William of Orange, the Dutch financier and military leader, attained "seniority" over King William of Orange of the United Kingdom, who was perfectly willing to bind himself as sovereign to the rules imposed by himself as a private investor.

The model itself, both of the Bank and of a sovereign subjected to a parliament of investor-citizens, and therefore subjected to "rules" and "contract," was not at all new. It was based on the prior examples of European city–states, the Dutch and Italian in particular, and perhaps going back in its basic principles to the historical city–state phenomenon more gen-

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

erally. Capitalism as we know it is thus historically not only based on the secure property rights of the liberals, and the dispossessed "free" labor and exploitation in production of the Marxists, but just as much, and mutually reinforcing, in the making of the capitalist-dominated state-finance nexus. This nexus between finance capital and the state is a complex set of institutionalized class relations in which capital overall dominates. It involves representation, taxation, contract, property rights, public credit, and the seigniorial banking complex, and it is ideologically expressed, as well as steadily obscured, in historical liberalism.[2]

This "Anglo-Dutch moment" (Israel 2008) then was the ultimate break with the preceding financial repression of medieval Catholic Europe. Catholic Christianity, and Islam as well, had always equated the taking of interest with illegitimate and illegal usury—illegitimate because it was an exploitation of weaker souls who were supposed to be equal under god, and associated with the widespread popular indebtedness and subsequent slavery so characteristic of the pre-Christian Roman Empire to which Christianity had been a reaction. Islam emerged from similar anti-usury concerns and allowed only participatory stakes in enterprises as well as fees on financial arrangements as a way to make money from money (see Pitluck, this volume). Christianity was, as Graeber stresses (2011), the most radical anti-money ideology coming out of the turmoil of the late Roman Empire. It was even tempted to ban the accumulation of wealth by "money making money" entirely. In the end, it entirely failed.

Central to its failure was the rise, within the fragmented feudal polity of the Holy Roman Empire, of the city–state phenomenon in Europe. Feudal competition and military rivalry in the fourteenth and fifteenth centuries made even the pope himself thoroughly indebted to the Medici of Florence. In return for the financial services to the papacy, the Medici had been allowed to sponsor not just the blasphemy of the Renaissance but also to demand a serious interest rate, previously rejected by the pope as usury. In the end of the process, the Medici themselves simply usurped and subjected the papacy by nominating one of themselves as the pope (Parks 2006), not unlike the way in which William of Orange usurped and subjected the British crown by becoming the British king. The reformation was the next step in the breakdown of anti-usury. The rise of the Dutch mercantile-financier city–state as hegemon over the European state system, expressed in the peace of Westphalia of 1648, of which it was the key broker, and then the consequent Glorious Revolution of 1688 in England, in fact a Dutch military invasion, were the long drawn out completion of the bourgeois revolution that had begun in Italy. Finance, seigniorage, and rent taking had now become powerful state making forces that were driving the rise of the Western merchant capitalist empires. It

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

was this finance-driven expansion that produced the unprecedented militarism and war-making capacities of the northwest European states. This then drove the shift away from a Eurasian system focused on China and the East toward a transatlantic-based Western-dominated world-system, which now rapidly morphed into a *capitalist* world system.

Demise and Rebirth of the State Theory of Money

It is not hard to see how Chartalist theory could have served as an intellectual inspiration for the Keynesian revolution in economics. Keynes's *A Treatise on Money* (2011) referred explicitly to Knapp and Mitchell-Innes in its opening pages, and it laid the groundwork for his *General Theory of Employment, Interest, and Money* (2017). With the fast and wholesale demise of Keynesianism in academic departments and policy making since the late seventies, the underlying state theory of money would also disappear from public awareness. As with Keynesianism, the theory was now associated with inflation, stagflation, and an interventionist and redistributive state: the archenemy of the neoliberalism that was swiftly occupying the salons of power in these years. This attack, and then the public amnesia of the key Chartalist insights on money that followed, happened, paradoxically, while the dollar, now unlinked from gold, had in fact become an undisguised *fiat* currency—probably the first one in the history of Western hegemons to be so openly blasphemous against metallism. Key monetary authorities, now working in Lucas's "rational expectations" mode, were hell-bent on squashing any intellectual freedom that might derive from the obvious *fiat* character of contemporary money. With the aggressive stress on producing durably low inflation (see Holmes 2013; Kalb 2005), a quasi metallism immediately returned through the backdoor as gold was thrown out through the front door. The Euro was a response to the dollar leaving the gold standard (and destroying Bretton Woods), and was explicitly set up as an intra-European gold standard, overriding any possible democratic sovereign aspirations to turn fiat currencies to any wider public purpose than just following the markets (Slobodian 2018).

The neoliberal obsession with hard and sound money thus produced a willed and long-running amnesia around chartalism. Whatever neoliberalism exactly was—and this is not the place to go into that discussion—it always included a hyperactive denial of the actually existing public possibilities springing from the *fiat* character of the whole late capitalist monetary system. Global markets were the gold standard, and states and their democratic publics had to be disciplined by the possibility of harsh and immediate punishments by the markets. Global markets had primacy because

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

they always and inevitably spoke "the truth" that democratic elites and demanding publics were liable to ignore (Slobodian 2018). Neoliberalism was, among other things, a powerful restatement of the metallist theory of money at the moment when any metal base had been openly abandoned.

David Graeber (2011) helped significantly to bring the state-theory of money back into public debate in the aftermath of the financial crunch of 2008. True, there had already emerged a neo-chartalism among heterodox economists in the 1990s. And in small circles, there was already some excited talk about "modern monetary theory"—an update to chartalism (Fullwiler, Kelton, and Wray 2012). Graeber, however, can be read as a precursor of the global risings of 2011—in particular Occupy Wall Street. His book enjoyed blockbuster sales worldwide. Chartalism functioned in the book primarily by suggesting that the state had always already been accountable for issues of money, credit, and debt, both for the good—popular debt forgiveness—or for the bad—imperial violence, violent accumulation. Graeber emphasized that the good kings of the Bronze Age would regularly wipe out popular indebtedness and produce a clean slate on behalf of the common good. In the present financial crisis, in contrast, states were scrambling to back up the failing banks of 2008 and their senior owners, and left citizens to deal with unemployment, default, and dispossession. The sums handed over under threats of utter mayhem seemed astronomical, certainly given the decades-long neoliberal taboo on public spending. I have earlier called this the definitive moment of state capture by finance capital (Visser and Kalb 2010; Kalb 2018b). In response, parts of the stung electorate in its academic version began bringing elements of the forgotten state theory of money back, as Graeber did; including, after a while, its latest intellectual update: "modern monetary theory." These new narratives claimed that alternatives were perfectly possible and desperately required. Money and finance were a public good derived from public trust and sovereignty, at least as long as a state was borrowing and lending in its own currency and from and to its own capitalists. Long run free liquidity could always be made available for public purposes. Inflation could be managed, certainly when there was none as in the present context of the global surpluses of both capital and labor, combined with the political annihilation of labor through the globalization of capital and the capture of the state by finance.

In the context of this emerging public debate about money, credit, debt, the nation, and the state—inevitably a chapter of an even larger debate about financialized global capitalism—the Bank of England in 2014 found it expedient to explain in its own *Quarterly Bulletin* where money comes from under present conditions. The Bank's authors said 97 percent of all liquidity is nowadays generated by private bank credit loaned to debtors

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

who are deemed credit worthy (McLeay, Radia, and Thomas 2014). The monetary authorities thus reaffirmed the credit theory of money. They thereby made an implicit bow to the state theory of money.

Paradoxically, this implicit official affirmation painfully exposed the absence of public voice in the present context. The public was only tolerated into the financial equation as the silent guarantor of it all. Neoliberalism, "rational expectations," and the deregulation of private banking had ushered in a system where the state, the nation, and its tax base had become all but captured for the purpose of guaranteeing the profit making activities of money capitalists and their higher middle class supporters. The state and the nation were expected just to sign off on the resulting escalating public guarantees; they had little say in its regulation, let alone its purposes. The money capitalists returned this free gift by openly rejecting any responsibility of their class for the national tax base by which their revenues were supposed to be guaranteed, preferring to preside over their low tax/low cost world archipelagos (Shaxson 2018) and embracing a classic cosmopolitanism of and for elites, with the people locked out. "Whose sovereignty?" they seemed to be cynically asking. Local social outcomes, meanwhile, were ever more unequal, dispossessive, disenfranchising, and plutocratic. The populist revolts that shook the political systems of the Western world and elsewhere in the course of the 2010s, moving from Left to Right over time (Kalb and Mollona 2018), may have been a surprise for the liberal *commentariat* and the ubiquitous army of policy intellectuals, but they hardly came out of the blue.

Magnifications and Contestations

Enter "Quantitative Easing." Central bankers, as shown above, must always have been quietly aware of the basic correctness of the state theory of money. The key central banker of the crisis, Ben Bernanke of the Federal Reserve, was deeply knowledgeable about the 1930s' Wall Street crash and the subsequent world-deflation. He had even written about how central banks should have reacted then (Bernanke 2016). His retrospective recommendation: massive injections of *fiat* money in order to re-inflate the stock market. Milton Friedman had once said the same (1968) and had called it "helicopter money" (see Buiter 2014). Bernanke, thus, came with the watermark of one of neoliberalism's most important thinkers. Faced with certain collapse, this gave him the necessary political credit to break the financial mold of the preceding thirty years.

When the Western financial system suffered its cardiac attack in 2008 and the economy went into a tailspin, the political class, fed on decades

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

of neoliberalism, was unprepared to the extreme and visibly struck by disbelief.[3] Subsequently, President Obama—as unprepared as anyone else, as shown by his veneration of "behavioral economics" (with its, at that point, all but trivial embrace of "nudging" for the public good)—was allowed a large sum for public investment purposes to fight the swift decline of the economy, but many argued that this amount was simply too little, too late. European politicians were even worse. They first indulged in a round of denials that Europe had anything to do with the crisis ("American financial casino capitalism versus solid productive capitalism"). When market mayhem reached the continent, they loudly extolled collective solidarity. But after leaving the room in Brussels, they immediately began sabotaging the possibility of any collective responses (Kalb 2018a; Legrain 2014). Instead, they orchestrated a frantic sovereign competition for national budgetary soundness, lauded as the singular morally correct path to economic salvation. Particularly the Northern core proceeded proudly with imposing draconian austerity on their domestic economies. Calling this "an example for others," they began a fierce competition on the market for state debt, inevitably crushing the Southern tier of the Eurozone and the Eastern tier of the EU, states that were now going to pay much more for the financing of their debts. Greece revolted but was humiliated; Italy's Sylvio Berlusconi was unwilling, but was unceremoniously deposed by the European Council. The rifts in the EU produced by that series of fateful moments have not been healed since then. The myths that were meant to explain what was happening, why, and who was to blame have become semi-institutionalized. The initial North–South rifts within the eurozone have been overlaid by subsequent East–West conflicts within the EU, which are significantly rooted in the crisis too (Kalb 2018d), and then further sharpened by Brexit and the similarly myth-driven political chaos in Britain. When it finally dawned on the markets that the actions of European politicians could only mean that they were ready to abandon the whole Euro-project, they began betting massively against the survival of the Common Currency (the infamous "spreads in sovereign borrowing costs" and related credit default swaps). Only at that point did key European politicians retreat from the morally correct abyss, mostly under loud denunciations of those "greedy" markets and the US-dominated rating agencies.

It was in that rolling context of shock (2008–14), political paralysis, confusion, and fracture that a small coterie of powerful central bankers, led by Bernanke, took responsibility and launched, one after the other, "Quantitative Easing." Together, they pumped an equivalent of more than 25 percent of OECD GDP in fresh *fiat* monies (sovereign fictitious capital, so to speak) into the system, and thus pulled it gradually from the brink. Bond prices stabilized, stock markets turned around, banks,

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

sovereigns, and institutional investors (Blackrock first of all) were pulled into an upward swirl. It is hard not to agree with Martin Wolf (2015) and other critical liberal commentators that QE has probably prevented a full political and economic collapse of the Western system comparable to the 1930s. A similar injection in Keynesian mode, via governments, might have done the same, and would have generated more employment, more equal effects over classes and territories, and could potentially have reversed the decades' long trend toward further inequality and the sidelining of labor (see Pettifor 2017). But clearly not even the parliamentary Lefts in the Western world were ready to take on more state debt; and in Europe, most of the social democratic Left supported austerity in principle. That potential Keynesian response was thus nowhere really on offer. Nor would finance capital, the bond market, have quietly accepted its emergence. Free gifts from Central Bankers with the politicians and the public left out stood a much better chance.

Quantitative Easing was in the end nothing but an official affirmation of financialized state capture; and indeed it worked as such. Central bankers were never supposed to plot the revolution by design. QE did prevent melt down and system wide deflation, but it left the relationships that had produced the crisis in the first place perfectly intact, gave them another lease of life—indeed magnified them. Ten years after the crash, the financial class and large property holders worldwide came away with an increase in their collective stock market value of 300 percent (as of writing in March 2019), and real estate was on the upward trajectory once more. Global public and private debt, meanwhile, had further increased to a similar 300 percent of global GDP. Inequalities had often risen further. The labor share in GDP as compared to the capitalist share continued to fall. Urban housing was becoming unaffordable for new households. The path of nonchange was clear, indisputable, and entirely unsustainable.

Some things had changed, however. US hegemony and Western dominance were now visibly collapsing. Recently challenged by the avowedly anticapitalist alliances of the Global South and the alter-globalist movement, Western capitalist hegemony was now evaporating fast—but not quite on the behest of the peasants and indigenous people of the South, allied with the working people of the North, for whom those resistances had imagined themselves to act. While QE was a financial present for stock markets and asset owners worldwide, it was the simultaneous massive Chinese monetary stimulus that did most to pull the real global economy out of its downward spiral. Chinese domestic credits were proportionally at least similar to QE in the west (see Magnus 2018). But rather than designed to sustain fictitious accumulation, Chinese credits also took the form of state-guided investments into ongoing material expansion, channeled

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

largely through state-owned banks and state-owned enterprises, and oriented toward unprecedented urban infrastructure projects. In two years, China consumed more cement than the United States in the whole twentieth century. Its needs for oil, iron, copper, machine tools, and soja beans were gargantuan. Remember the Song Empire and think of "Socialism with Chinese characteristics," but now in its hard Keynesian state capitalist phase. After the clouds of crisis cleared, China was now the first or second national economy. It had helped to reignite economic growth in both the global North and the global South and was spending hundreds of billions of dollars on new "Silk Road" infrastructure projects anywhere in the world. It had emerged as a potential nonliberal world hegemon, if that were a possibility, and was now the de facto systemic competitor to the West (and officially recognized as such by both the United States and the EU in respectively the winter and spring of 2019—against earlier Western assumptions of liberal convergence). By mid-2019, a new Cold War seemed all but likely.

Thus, synchronized state capitalism in two starkly opposed but still kindred varieties had saved the system by greatly magnifying its credit dependence. But by seeking to restore the status quo ante, it had also changed it forever. Without those financialized state supports, the system would not work any longer. Western central banks kept loudly proclaiming their plans to return to "normal": stop buying assets, sell existing central bank assets back into the markets, and finally bring zero interest rates up to the historically expected levels of well above 3 percent. Such Western efforts, however, have steadily failed (the most recent collapsed during the drafting of this introduction, March 2019; both the FED and the ECB began QE again in September 2019). Every move toward restoration after 2015 has produced immediate signs of recession plus large stock market falls.[4] Economists who were bullish about neoliberal economic growth in the 1990s, such as Lawrence Summers, are now making a serious case that the system is seeing a return of "secular stagnation" as in the thirties, and that QE might, if continued in the present form, make things worse.[5] Financialized Western capitalism at its peak, as expressed in stock market values, has become structurally dependent on massive injections of fiat money, free liquidity, historically low interest rates, and further fictitious and speculative accumulation by and for the wealthy, made possible, fundamentally, by public underwriting of the monetary system and the plutocracy it supports. Actual economic growth, meanwhile, had become largely dependent on an ongoing Chinese material expansion driven by a similarly state-orchestrated financial expansion and a similar consequent addiction to credit, which neither the Chinese nor the global economy apparently can do without anymore. This is

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

where we are: an East–West duet in financialized state capitalism. Both in denial—the liberal one singing the gospel of the eternal supremacy of markets and awaiting their supposedly inevitable resurrection, despite the evidence that such redemption might not happen any time soon; the other imagining itself as socialism with Chinese characteristics. Both magnanimously supportive of the imperatives of their various preferred forms of capital, and, when push comes to shove, agnostic about the further widening of class inequalities of power, wealth, and income, despite a sprinkling of rhetorical agonizing.

Recall David Graeber and his imagining of the king who intervened in market relationships in order to restore equilibrium. The king has indeed returned with a very visible hand, but not Graeber's good king of debt forgiveness. It is a king kept on a tight financial–capitalist leash, offering handfuls of new credit for nothing to ruling institutions in the hope that the ruling institutions come back to life and will lift up all boats. However, magnification of the space for public credit and finance has inevitably widened the potential space for politics too, both on the Left and the Right. In line with the comeback of chartalism, an increasingly debated body of economic thought provocatively called "Modern Monetary Theory" is now arguing that the arrival of the good king is a real possibility if only some popular sovereignty over capital is redeemed, which they picture as a mere question of free democratic choice. Modern Monetary Theory presents itself as the precise intellectual weapon for this purpose (Fullwiler, Kelton, and Wray 2012). MMT argues that modern states can in principle produce as much *fiat* money as they like without dangers of inflation. This is the ultimate rejection of neoliberal, quasi metallism. One cannot help but respond that MMT needs a serious engagement with a sophisticated labor theory of value. It is also bound to run into insurmountable problems in the current transnational context (as does and did national Keynesianism). But for now, MMT helps to underpin contemporary ideas of "people's quantitative easing" (Braun 2016)—*fiat* money injections by central banks directly into people's purses, public services, and infrastructure, rather than into the purses of money capitalists, job guarantee programs, and indeed a "Green New Deal" proposed by the Left hand of the Democratic Party in the United States. In other words, it is a monetary theory that, in conversation with Marxian, Polanyian, and Keynesian visions, might support some of the demands of the inheritors of the Left mobilizations of 2011—at least in the most sovereign core nations, hardly for the peripheries. It remains an open question whether the EU will ever award itself the "exorbitant privilege" of such sovereignty (although this might well be a necessary condition for a durable solution to its frightening problems).

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

On the Right, things have equally shifted. Despite the US Tea Parties of 2009–15 and the conservative ideologies of their billionaire sponsors and think tanks, metallism and the gold standard seem to have lost their shine for some. Illiberal populist rulers like Erdogan, Modi, Orbán, and, much more importantly, Donald Trump are forcing their central banks into more cheap money and costless credit. Steve Bannon, meanwhile, now a powerful investor in Right wing ideology making and supporter of international illiberal alliances, keeps associating "debasing the currency" with "debasing our citizenship." In Europe, the small competitive (and tax-dumping) nations of the North have formed a new "Hanseatic League" and continue to force a gold standard mercantilism on the rest of the EU, with the sympathy of German governments in the background. France seeks more transfers and credit facilities within and for the Eurozone as a whole. The Left–Right populist government in Italy of *Cinque Stelle* and The League pushed for monetary easing in Brussels and Frankfurt until it was dissolved in August 2019. Small country governments in the South with Leftist populist governments, like Portugal and Greece (until summer 2019), are running rather contradictory domestic policies without any longer daring to politicize Eurozone governance openly. Much of Latin America, meanwhile, is back at Right wing neoliberal orthodoxy after the demise of its China-driven pink tide. The governments of Brazil, Chile, and Argentina under Macri are once more endorsing "sound money" policies and bringing the IMF in, while Mexico is doing the same from an avowed position of Left wing sobriety. Meanwhile, prudent states in Africa, like Ghana, are borrowing on the international market for unprecedented durations of fifty to one hundred years—when a decade earlier, even loans of ten years were hard to pull off for any African state. One thing is overwhelmingly clear: the hard money hegemony of the Washington Consensus, with its demand for independent central banks, formulated in 1991, is definitely over. Contestation—intellectual, political, and popular—has become the norm.

Money, Financialization, and the Rise of Capitalism: Bourgeois Revolution #2

Every epoch generates its own theory of capitalism and puts its own accents. Locke, in the late seventeenth century, focused on the prerogatives of private property in relation to the rules of governance and the social contract. Smith and Ricardo reflected about a period of fast market expansions and widening global divisions of labor captured by notions of "commercial society," specialization, and the growing awareness that not only

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

land but also labor and manufactures created value. Marx was witness to the spread of the factory system, the making of the working class, workers' participation in Chartism, the 1848 revolutions, the Paris Commune of 1871, and fast-paced deepening of the global divisions of labor and empire. He focused on class, exploitation in production, and the contradictions of bourgeois rule and ideology, in particular the way they both obscured and expressed the more fundamental contradictions of capital accumulation itself: fetishism. Lenin and Trotsky dealt with pervasive new forms of proletarianization in the periphery, alliances between workers and peasants, and the possibilities of socialist revolution in a context of imperial capitalist war making. With John Hobson, Rudolf Hilferding, and Rosa Luxemburg, there emerged a keen interest in the logics of finance and imperialism. Keynes's major works dealt with the 1930s crisis and focused on the nature of money, failures in bourgeois economics, mass unemployment, and the necessary role of the state and public credit. Polanyi studied the same crisis and theorized about the "stark utopia" of "planned" "free markets," fictitious commodities, embeddedness and disembeddedness of markets and societies, and the "double movement" that emerged as societies subjected to such market utopias sought to re-embed and reregulate the markets of fictitious commodities such as labor, land, and money in particular.

The historical financial expansion that we have witnessed in the last forty years, and the crises that it keeps provoking, throw new light once again on our historical theories of capitalism. What might we have learned about the role of finance in the development of capitalism? I want to suggest that we need to rethink what could be meant with the concept of bourgeois revolution, and why that concept might be so seminal. Finance is key to that rethinking.

Let us begin by returning for a moment to thirteenth century Song China. Recall: paper money issued by the state, state monopolies on luxury productions, the Khan in benevolent control of internal markets. Not yet mentioned: a state without any debt of its own, acting as the ultimate public creditor, injecting its paper monies against low interest into society. But also a state that would not allow the rise of powerful urban oligarchies intent on limiting the power of the sovereign, weeping them out if necessary. This was a bureaucratic state, run by credentialed Confucian administrators from widely different backgrounds. They embodied an ethos of public service, balance, justice, and far sightedness. Although Jack Goody (2004, 2009), among others, has powerfully argued against setting up the East of Eurasia against the West of Eurasia, and vice versa, seeing them alternating in innovative evolutions—an argument that, phrased in these terms, I find convincing both in spirit and in detail—Song China had nothing that could have made it capitalist; this, despite world-leading manufactures in tiles,

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

porcelain, paper, and textiles; dynamic cities; "free" labor and enterprising mercantile classes. All of it was there, as extensively documented by Goody and others; but in Europe, the elements combined in a different way. The class relationships, magnitude, and political role of finance capital were key in producing an ensemble in the West that could ultimately usher into historical capitalism. We are talking about conditions of possibility, not about inescapable teleological determinations.

Compare the roughly contemporaneous West-Eurasian scene of the late middle ages. One would notice the rise of an imperial Catholic Spain and a shift of the critical mass of trade from the Eastern to the Western Mediterranean, also already a projection of Spanish and Portuguese power onto the Southern Atlantic. But one would as well be struck by the rise of the Italian cities, and might already see the first signs of the emergence of another European urban landscape in the Low Countries and along the Baltic coasts. All of these were not just cities; they were full-fledged city–states. Their rise was based on their capacity not just to produce manufactures, to trade, and to accumulate mercantile wealth, nor even to lend, but also to make war. Merchant capitalism was highly armed. Urban oligarchies, as in Venice, Florence, Genova, and Amsterdam, had developed mechanisms of state and war financing that may well have been innovations on Roman financial practices, but these practices were now working in a politically deeply fragmented space, setting up systemic financial–fiscal–military competition throughout Europe and beyond. The key to their violent assent was their high tax base, used to underwrite public credit and debt, and enabled by a thoroughly monetized local economy and the wealth of the merchant houses. Merchant adventures as well as naval and military campaigns were calculated, speculative grabbing-enterprises, violent bets on bounty in the form of territory, resources, "capitulations," trade concessions, slaves, and imposed war reparations. These urban bourgeois oligarchies were already imagining themselves as something like a "civil society," and in some cultured ways, they certainly were. But they were also extremely bellicose and endlessly greedy, in particular during the periods of their violent assent. This is also true for the early relationships within the cities themselves: think of the tower landscapes of Montepulciano, Sienna, and so on, where neighbors could never be fully certain that they could actually defend their wealth against each other. Look at the historical painting collections of the Escorial in Spain, the palace of the Spanish Habsburgs in Central Castile: no theme as ubiquitous there as burning cities, either on the foreground or in the background. Perhaps these late medieval and renaissance city–states were, in financial aspects, not that different from some of the Mediterranean mercantile cities of the Antique period. But the absence of a pacifying presence such as of imperial Rome

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

made all the difference for the wider dynamic. China never knew such protracted fundamental political fragmentation (Rosenthal and Bing Wong 2011; Goldstone 2008).

Law under the Roman Republic made a strict distinction between *imperium* and *dominium*. Dominium represented the economy of private (family) property, in which territorial power was not supposed to intervene; indeed, it was designed to support and protect it (Anderson 2013). Land was privately owned on a very large scale, and great merchant-agricultural fortunes were amassed in particular in the newer Western parts of the Empire (Banaji 2007). The monetary system of the Empire also was a pure ideological example of hard "metallism" (Scheidel 2009). Fortunes thus were safe and could be invested via sophisticated financial tools in speculative projects, including military campaigns. Rome funded part of its undertakings already via state debt. While it pacified the empire, it made private property, wealth, and monetary instruments for accumulation the essence of its legality. Under later feudalism, wealth based in private property began accumulating again; sovereign debt and monetary instruments were once more booming. But there was no ruling center, no imposed pacification. In the end, it was the speculative financiers who either put themselves on the thrones of the most competitive political units (Genova, Florence, United Provinces, United Kingdom) or simply dictated their hard conditionalities for further credit to the sovereigns (see above).

Compare again China in the time of Confucius: all the land remained ultimately the property of the sovereign, as it did elsewhere in Asia (but not in Europe, *pace* Goody). State debt did not exist. On the contrary, the state was the ultimate public creditor. Until the end of the nineteenth century, a succession of Chinese empires had remained without any state debt at all. And while cities did flourish, including their merchants, power ultimately remained with the imperial bureaucrats who cared for justice and the common wealth and used the empire's huge tax base on behalf of public welfare (Rosenthal and Bing Wong 2011).

I am hinting that the long-term possibility of bourgeois revolution(s) was inscribed into the social structures, relationships, institutions, and legality of the spaces of Western Eurasia to a markedly greater degree than in Eastern or Central zones. I am also suggesting that the key precondition to that opening was the political and military ascent of private property in its ultimate realization as speculative finance capital. There are three essential moments to this argument, and it is their combination that matters: private property and accumulation as the basic rule of politics and empire since the Greeks; the absence of a pacifying and dominating center since the fall of Rome; and the gradual subsumption of the successor Holy Roman Empire and its anti-usury imperatives to the logics of speculative finance,

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

including crucially the rise of military–fiscal city–states in merchant capitalist mode dictating the rules of their international transactional system to everybody else.

This is not meant to be a deterministic or teleological claim, just one of possibilities, probabilities, and elective affinities. In the West, there was a violent swing between the rule of antifinance and the rule of finance; in the East, balanced and meritocratic rule by a succession of commercial-cum-public-goods–oriented empires without either the full repression (as under early feudalism) nor the actual sovereignty (as under capitalism) of finance (Rosenthal and Bin Wong 2011). This overlaps with Graeber's vision, but I align it not with a Maussian issue of morality per se. Rather, I am seeking a revisionist Marxist account that follows Banaji's (2013) very persuasive and richly informed call to take historical merchant capitalism, and indeed financial capitalism as its purest form (less studied by Banaji), more seriously—an argument further extended in Jason Moore's work (2015), which highlights the specific forms of cognition and epistemes associated with the rise of merchant capital. I would like to bring that insight into conversation with Neil Davidson's insistence that we need to think in more versatile, diversified, and deeper ways about the historical concept of the bourgeois revolution (2017). I am not at all interested in a synchronic determinist and *aprioris*tic argument privileging circulation over production. Such debates are barren. Rather, I think there is space for a sophisticated idea of how credit, debt, the omnipresent advances to laborers and entrepreneurs by liquid asset owning classes in history (see Banaji 2013), and in particular the gradual usurpation of imperial (and not just urban or national) sovereignty by merchant–investor classes and outright finance capitalists—"primitive accumulators" armed to the teeth and ready and able to grab, dispossess, and regulate—finally took control not just of production itself, but of the entirety of the social reproduction of Western peoples and societies; and then, as in combined and uneven development and Trotsky's "whip of history," subjecting the world as a whole, and in always variegating and differentiating ways, to those patterned relations and logics.

For this vision to work, one must also reject all traces of methodological nationalism or any place-bound visions of social process. We are talking about long run space-making transformations in social relations, indeed class relations, that include international relations just as well as state making, institution building, and the associated legalities. The bourgeois revolution unfolded historically in the United Provinces, the UK, and France. But the making of those units was itself the outcome of an unbounded process of space making, with identifiable but shifting actors and a clear ultimate directionality. It is this century's long process that

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

we must grasp and not fetishize the units that emerged as part of it. The drivers behind that long-run space-making process can be summarized as the bourgeois revolution. We are talking about Western Europe as a whole and a period of some three hundred years, with 1688–94 as the moment in which the rule of finance seems to have become irreversible (Israel 2008; Kalb 2013). The core of this transnational story that culminates in an unprecedented domination of the North Atlantic zone is the making of the capitalist-dominated state-finance nexus. By the mid-1850s, the finance nexus of all independent states was modeled more or less on the financialized mechanisms of the city–states and the United Kingdom. And all were geared toward setting up private property rights, creating mass fiscal bases, and allowing money and finance to force people and territories into debt, into labor, into productivity, and into the accumulation of capital. Robert Brenner (see Aston and Philpin 2010) and Eric Wolf (1982) were entirely right to insist that capital ultimately had to penetrate production, dispossess peasantries, turn them into disposable labor on variable wages, and impose the capitalist regime of value not just on the cities but also on land and labor in the countrysides and the global peripheries in order to become not just dominant but determinant. All these older Marxist insights remain valid. But that deeper penetration of capitalist logics could only happen, and indeed *did* only happen, after finance capital had subdued the summits of sovereignty in the state system, had constitutionalized any grabbing and enclosures as robust legal property rights, and had begun financing the making of global capitalist Western empires such as the United Kingdom that would ultimately outpace in overall productivity, and above all in military might, not just France, India, Russia, Persia, and the Ottoman Empire, but even China.

Jonathan Friedman has long argued that "abstract wealth" was the natural condition of capital, not "production," factories, mines, or fields. In developing their macro historical anthropology of global systems, Kajsa Ekholm-Friedman and Jonathan Friedman produced a set of publications from the late 1970s onward that were pathbreaking, though largely ignored within the anthropology discipline. They featured cycles of global financialization as a key driver of social, historical, and spatial transformation (Friedman 1978; Ekholm-Friedman and Friedman 2008; see also Kalb 2013). Their major inspiration was Rosa Luxemburg. My vision here is different, though certainly indebted to theirs. Only with Giovanni Arrighi's magnum opus (1994) did the topic of financialization cycles come back on the agenda of the historical social sciences. My account builds on his, but Arrighi, following Braudel and Marx, assumed that financialization was a recurrent response to the overaccumulation of capital in production. Harvey, too, calls capital in production the primary circuit and sees flows

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

in the secondary and tertiary circuits as at least partially driven by overaccumulation in the first (Harvey 2007). Marxism, true to Marx's fascination with the emergence of factory production and the labor theory of value, is perhaps preprogrammed to construct such orderly sequences emanating from within production. I just want to point out here that, even within Arrighi's schema, any upcoming hegemon must be inundated with capital from a former one and thus must always already be deeply financialized, in a semidependent way, from the beginning. Many peripheral states started out as newly independent sovereign units already deeply indebted to the older capitalist networks of which they were the speculative outcome, just as the UK itself was indebted to the United Provinces, and China after 1989 to the United States.

From Big History to Histories of the Contemporary

My discussion in the preceding sections is continued in a macrohistorical vein in the following chapter by Richard Robbins, who places the United States in a direct line of development from the bourgeois revolutions of seventeenth-century Europe. The remaining chapters are more specific in their focus. The locations are mostly Eurasian, but outside the mainstream of neoliberalism.

The credit and debt structures we explore are not studied *sui-generis*, but as a set of identifiable interstitial and multiscalar relationships between finance, economics, and other institutional fields, such as states, law, religion, urban regions, environments, housing, and households. Finance seeks to order those other fields with an eye on gaining untrammeled access to value and future earnings, and securing control over the extractive monetary income streams from which it lives. Other fields, in their turn, seek influence over finance, or try to embed it at least partially into logics with a different nature and interest. It is necessary to consider a plethora of interstitial relationships. The financialization of societies always impinges on relationships between classes within the everyday life of human habitats, where credit, debt, labor, households, and public domains are reconfigured to create new fields of force in the social reproduction of societies and communities. We see class also in the widely spun spatial webs of interdependence between the conditions of local social reproduction and the demands of the often absentee lords of finance capital: class relationships are not just bound to place or bounded by the nation, but emerge within a multitiered transnational space. They take shape in social reproduction generally, not just in the labor that people have to expend for a wage in order to make such reproduction and debt payments possible. Other fields of work and care are

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

similarly relevant (Kalb 2015; Fraser and Jaeggi 2018). Both the big history and the local histories of financialization are constituted through continuous push and pull in the relations between classes of creditors and classes of debtors. Other class segments play a role in that relationship—industrial capital is not necessarily in favor of a growing piece of the pie being eaten by finance via inflated housing costs and interest payments for its workers (Harvey 2017; Kalb 1997). Nor are states always in the pockets of capital. In the Norwegian case (Myhre, this volume), it appears almost the other way around. Financialization is therefore always a contentious story in which big or small concessions are imposed mostly on debtors, sometimes on creditors, and always with morality, law, the state, and other actors deeply involved. As a big story, it may sometimes seem to have one directionality, resulting in the increasing overall dependence of the social reproduction of societies on finance capital: the new extractivism (Mezzadra and Neilson 2019). But states are crucial intermediators, either in organizing the ways in which finance is allowed to hit the ground, or in allowing other actors to talk back. That big unfolding history has recurrently seen switches and alterations in the relational modalities of finance. These are relational contestations: either emergent, in the open, still private, or perhaps publicly silenced after prior possibilities were closed down; sometimes fuzzy, sometimes crystal clear and articulate.

The Chapters

In Chapter 1, Richard Robbins applies the concept of "monetary streams" to make visible the extent to which creditor–debtor relationships literally pervade economy and society and have replaced labor as the key to value extraction and, perhaps, to class formation. He shows that outstanding credit is heavily concentrated among the 10 percent highest earners, with the great majority of it owned by the 1 percent. Debts unsurprisingly concentrate among the 90 percent. Robbins also underlines the rather shocking fact that since the 1970s, Americans have paid more interest to finance than taxes to the state. He further discusses the legal seniority rule of creditors over debtors under liberal capitalism and notes that so far, no democratic objections to this rule have had much of an impact. His suggestion is that since debt has replaced labor as the core class relationship that sustains the contemporary US plutocracy, a debt strike would be the logical equivalent of the labor strike. The seniority rule should be one of its political targets. Robbins also powerfully illustrates the sheer unsustainability of the present system, even in its own terms. It requires perpetual and exponential economic growth to cover even just the compound interest owed to its

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

actual owners (cf. Harvey 2017). For actual pay back of debts, he calculates a necessary growth rate of close to 15 percent—an economic absurdity, to say nothing of the ecological, social, and political implications.

Despite this being so, world governance institutions such as the World Bank are still committed to offering "financial inclusion" to the world's 1–2 billion poor people. By offering them small state transfers and micro loans, it is imagined that they can be lifted out of poverty. Sohini Kar (Chapter 2) studied the recent initiatives of the Modi government in India and summarizes them as "accumulation by saturation." Influential neoliberals such as Hernando de Soto (2001) used to celebrate the informal economy for its hidden assets, its entrepreneurial initiatives, and as a popular seedbed for capitalism. Anthropologists such as Keith Hart (2001) have also embraced money in this spirit for antibureaucratic reasons. Hindu nationalist India, however, is now planning a cashless society, where all the monetary streams will be digital and monitored by banks. The state has recently added more than 200 million accounts to its banking system through "mass account-opening drives." Kar shows that in order to make these accounts attractive for those without savings, Modi's BJP government offers a small overdraft plus life and health insurance. Despite its neoliberal provenance, the government seems keen to add its own additions to India's plethora of cash transfer programs to the poor. It expects to reduce the costs of such programs, such as the cooking gas subsidy, by setting them up as digital transfers into registered bank accounts and circumventing local corruption in the delivery of such transfers. Meanwhile, bankers are explaining to Kar that all of this only makes sense from a banker's standpoint if and when the banks can begin to offer credits to the poor via those accounts. This, of course, assumes that the government comes up with an enforceable fix for the expected rise of "non-performing loans" among the poor (see also the chapters by James, Davey, Mikuš, and Kofti). Accumulation by saturation, Kar suggests, or the "new enclosures," is about constructing the infrastructure for endless small monetary streams to continuously add to the liquidity base of India's finance capitalists. Kar is decidedly more skeptical about such "progressive" development policies than James Ferguson in his influential account of South African digitalized transfer programs (2015).

Skepticism is also expressed by Charlotte Bruckermann (Chapter 3) concerning the Chinese state's efforts to counter environmental devastation and toxic air quality at the end of history's greatest industrialization and urbanization drive through the financialization of the environment. Xi Jinping's China is developing a "green financial system" with a big role for green bonds aimed at transport, energy, recycling, and carbon markets, among others. Finance commands utopian energy as a form of white magic. In the context of exploding indebtedness of both local states and

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

state-owned enterprises in China, the notion of realizing "ecological civilization" with the help of "green finance" gives a new shine and legitimacy to "socialism with Chinese characteristics." Bruckermann discusses how the Chinese pilot carbon markets have quickly become the second largest in the world after the EU. She also looks at what this means on the ground, in the forest communities into which green investments are supposed to flow and which are expected to reap new sources of income from "carbon offset production." In the extensive Fujian carbon forest that she studied, most of the new resources seem to have gone to nonlocal expert labor, university trained specialists in carbon measurement and bookkeeping. Manual labor tasks in the forests are now subcontracted to short-term "fluid labor pools" recruited from among the mostly elderly villagers. As in Kar's account of "accumulation by saturation," a picture emerges of a highly educated, urban carbon-network that is extracting monetary streams, now called carbon credits, from forests that in an earlier regime were tended by local worker collectives and state-owned forestry employees, some of whom once had their livelihoods guaranteed by the "iron rice bowl." Bruckermann shows how villagers talk about value, nature, labor, and life; and how they indulge in theorizing the ongoing unpaid work of both humans and nature that is offered as a free gift for, and beyond, the carbon economy.

While Modi's BJP-Hinduists and Xi Jinping's "socialists with Chinese characteristics" seek to align the elusive promises of finance with their public policy goals, Malaysia, an oil exporter, has been trying to cast part of its financial sector along the lines of Islamic ethical banking. Since the Asian crisis of the late 1990s, Malaysian governments have deliberately picked fights with US hedge funds and Goldman Sachs. This may be part of the background for the country's key role in the development of Islamic finance. As Aaron Pitluck describes (Chapter 4), Malaysia is actively engaged in promoting, producing, and regulating Islamic finance. The state has required domestic actors, from the Central Bank to individual banks, to bring in, develop, and adopt Sharia knowledge. Bonds and equities that deserve to be called Islamic have to bear the stamp of "Shariah Advisory Committees" in which "bureaucratic ethicists" and Sharia scholars discuss, improve, and eventually approve their ethical quality from the standpoint of Islam. Various transnational bodies also help to define what Islamic finance is supposed to be. Pitluck's research among Malaysian investment bankers and the Sharia specialists advising them suggests that these Councils are capable of "altering the trajectory" of conventional finance. He also concludes that the Malaysian framework enables the Councils to exert "genuine power" within investment banks. Pitluck concedes, however, that the *sukuk* market is a "moralized niche market," supported among others by the demand from the Malaysian government itself. His careful research

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

shows that the organizational position of Sharia scholars within the investment banking process, while varying between banks and cases, is often rather weak. Their agency is more oriented toward dialogue and gradual ethical improvement of the activities of investment bankers than straightforward rule making. There is no public audit of their activities, or of their outcomes. No doubt, the trajectories of financialization can be altered. But it seems a fair hunch that without broad and active democratic pressure, Sharia scholars backed by a moderate Islamic state may find that the margins, overall, may be small. It is perhaps telling that despite the international character of the Muslim world, and the close links between Muslim societies, there is little visible international pressure toward Islamicizing finance in the Muslim world *tout court*.

In Tristam Barrett's case (Chapter 5), we meet another oil exporter: Azerbaijan. Like India and other low-income countries, Azerbaijan has been advised to work toward financial inclusion of its citizens. Nothing should be easier for an oil exporter flush with petro-dollars (oil generates 40–50 percent of GDP), one would imagine. Azerbaijan could be a canonical case for what Alessandro Mezzadra has recently called the new extractivism: using the income from classic extractivist resource exports for a new-fangled web of financial extractivism spread over the poor suburbs, benevolently labeled financial inclusion (Mezzadra and Neilson 2019). But this would be to discount the particular nature of Azerbaijan as a post-Soviet oligarchic, nationalist, privatized state-complex. Barrett sees Azerbaijan as a closed oligarchic gambling economy, epitomized by its banking sector. International banks play a minor role. Azeri banks function mainly as in-house storage and recycling bureaucracies for oligarchic oil revenue: they serve the international valorization of privatized oil wealth. Secondarily, they cultivate patronage toward the employees and friends of the billionaires by offering them mortgages and loans. Everyone else, Barrett shows, finds it hard to get a mortgage. Personal loans are mostly offered with extortionate conditions. Even such extortionate loans, however, are hard to get from the official banks, if only because few people work under formal labor contracts and thus cannot provide proof of regular income and tax payments, which are a legal requirement. Here, timing might play an unrecognized role in Barrett's account. His work suggests that in the period of 2006 to 2015, immediately preceding his field research, an explosion of popular indebtedness had taken place, much of that in foreign exchange due to the lower interest rates charged on the dollar than on the local currency of peripheral societies such as Azerbaijan (cf. Mikuš on Croatia). This lending cycle came to an abrupt end when the oil price suddenly collapsed in 2015. The local currency quickly lost 50 percent of its value, and the foreign exchange debts of citizens and banks doubled

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

overnight. Azerbaijan was forced to call in the IMF to refinance and consolidate its now deeply indebted banking sector while pacifying their powerful owners. No wonder that Barrett in these circumstances finds almost no one in Baku having access to easy credit. Personal loans, formal and informal, are still taken out by the majority of the population to finance life cycle events such as the setting up of a new couple after marriage. The new couple is given one or two renovated and refurnished rooms in the paternal house or apartment. But it is not easy to get such loans on reasonable terms. Often, trusted relationships must be mobilized. High fees and high interest rates beyond what the state regulates are common. Barrett speaks ironically of "domesticating finance" when he describes how problems with paying back such overcharged loans generally result in a call on kinship and friendship relations to bail people out (cf. the chapter by Kofti): kinship as the credit institution of last resort in an oligarchic gamble economy where the petrodollars get stuck at the privatized top of the pyramid and are then recycled abroad.

It would be hard to find a greater contrast to the methods of "domesticating" a flood of petro revenues than Norway. In Azerbaijan, 20 percent of GDP is transferred by foreign oil majors as royalties into the bank accounts of a privatized oligarchical *rentier* state complex, while kinship serves as the ultimate collateral for the common people. In Norway, we find a broad national democratic consensus that the oil wealth generated among others by its own *Statoil* (now Equinor) belongs, via taxation and dividends, to the Norwegian nation as a whole (even though there is substantial private exploration, and Equinor itself is increasingly aligned with private capital); and instead of kinship, we find a sophisticated welfare state running the largest wealth fund on earth for 5.5 million Norwegians. Norway concentrates its oil revenue in the Central Bank to invest it in global stocks and equities via its Sovereign Wealth Fund. The Fund then transfers a percentage of its yearly income on those securities to the state. This amounts to 20 percent of the national budget, and it is equally disbursed over the various ministries, subject to yearly discretion by the parliament. In Chapter 6, Knut Christian Myhre summarily discusses the history of (and political contestations around) the Fund in Norway. Here, there are no dictates to a state by international markets, as in most other locations, but rather "custodial finance" functioning on behalf of the democratic Norwegian nation and its future members, carefully procured by a universal public creditor invested in broad global portfolios with a lightly ethical and feminist program for capitalist world governance, keen on at least rhetorically supporting a greenish transition out of the global carbon quagmire (but investing in the oil majors while Equinor continues exploring new fields farther up North). Also of note, this largest Sovereign Wealth Fund on earth owns

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

around 1.5 percent of all global stocks, managed by democratic politicians and national bureaucrats, with asset managers subordinate to the democratic and consensual will of the Norwegian nation. Is Norway by now a *rentier* state, Myhre finally wonders? It is a pertinent question. He answers with a nuanced denial. First, if 20 percent of the state budget comes from the Fund's global revenues, the other 80 percent still comes from taxes. Moreover, the Fund adheres to a mission that its revenues should contribute to "the business and labor of the Norwegian nation." Hence, Myhre concludes, the Fund "affords labor" rather than allowing labor to subsist on rents. One could object that this is just how Norway has elected to mask and operationalize its *rentier* nature. Norwegian democracy in that version is doing a lot of work to obscure the inevitably *rentier*-nature of a considerable part of its contemporary financial resources. It does so precisely by investing those resources, directly and indirectly, in making the labor of its well-educated people possible according to the norms of socially necessary labor time as presently valid in the global system. *Rentier* incomes, yes, but no wish to corrupt the national capacity to labor. This must seem only morally fair for such a wealthy and happy nation, given the very substantial contributions to Norwegian society derived from the Fund. These depend, whether Norwegians like it or not, on the speculative ups and downs of the global stock-markets as well as on the lives and labor of millions of workers worldwide from which the Fund extracts its income. Norway is inevitably a *rentier* capitalist nation, albeit an apparently enlightened, fair, democratic, and hard-working one.

Hadas Weiss's Germans (Chapter 7) similarly live in practical denial of the financialized nature of German capitalism. As in the Norwegian case, this is enabled by the fact that massive German manufacturing profits are systematically routed outward, into the global stock-markets and into the sovereign debt markets of the European Union, in speculative pursuit of foreign rents. Germany as an industrial export power since its formation has always been dependent on a Western/global capitalism defined and controlled elsewhere (UK, United States)—except for a calamitous period of *Größenwahn*. This has set up the German state and nation as a paragon of shared believers in hard money and metallism theories. This might well be the deeper reason why the Euro continues to fail as a true global currency such as the US dollar, and why austerity is hardwired into the European Union. An almost constitutionalized *Inflationsangst* is part of this *gestalt*. Disciplined employers, furthermore, confront an unevenly organized industrial working class, a class that is also spread out over a plethora of low-cost countries in Eastern Europe, so as to give downward wage pressures an almost systemic character. The large rental housing sectors of post-Bismarck Germany have never been privatized, in contrast to Thatcher's Britain.

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

Housing costs have remained affordable, adding to the overall low costs of social reproduction in Germany. The same is true for education, health, and pensions: all organized as public goods maintained via taxes, transfers, and public choice. Surplus capital has to be moved out of this set-up swiftly, lest it would destroy it all. Weiss's chapter explains why Germany is not financialized as the Anglosaxon nations, Spain, or the Netherlands are. Financialized subjectivities are absent among participants in financial education. Instead, her informants as well as their teachers prefer to approach finance as a utility. Both the state and its subjects are attached to a moral notion of saving as a prudential act with an eye on future needs, and to prevent *Schuld* (indebtedness). As interest rates have fallen and savings cannot do that prudential work reliably anymore, Germans are advised to shift part of their household savings to equity funds. Weiss reports that they imagine these funds to be invested in German corporations that provide jobs for the German population. As the German welfare state has been reducing the scope of some of its protective functions, equity is advertised as a functional complement to a state that increasingly fails to live up to its promises. It is at this point, Weiss suggests, that an opening for a vernacular political critique emerges: capitalism and finance are unmasked as the corrupters of industrial Germany as a willed collective utility.

With Deborah James in Chapter 8, we enter the world of recognizable, neoliberal, financialized cases. Financial inclusion has been abundantly achieved. Numerous authors of our later chapters address the issues that then arise, notably debt collection (James, Davey, Mikuš, Kofti). James looks at debt advice services in the UK and South Africa, and claims, surprisingly, that within processes of financialization, there is sometimes also a new form of redistribution going on that ameliorates the worst cases of extraction. Debt advice services, in her vision, do not only help to sort out the finances of the indebted, but also sometimes fight back against financialized bureaucratic structures of routine extortionate overreach. Interestingly, under austerity in the UK, local states seem to have become precisely such an institution. In South Africa, the collusion of benefit transfer systems and easy credit within one commercial quasi-banking organization has turned supposedly private bank accounts "almost into a place of looting"—a cynical solution to the problem of loans among the poor. In the UK, some of such debt advice services are paid for by a small tax on the same financial institutions that do the extraction. In South Africa, such services are offered by NGOs, some of which are supported by mining capitalists who do not want to see their workers' lives threatened by aggressive debt collection agencies. This was a major issue in the Marikana workers' protests of 2014. James looks at the different historical and political environments in these two thoroughly financialized states and shows the

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

different operational modus, interstitial locations, methods, and ethical motives of the debt advisors, and argues that they are more effective than one might think.

In Chapter 9, Ryan Davey takes this focus on debt advice further by zooming in on the actual interactions between advisors and their indebted clients on an English housing estate. His evaluation of such advice services is more skeptical than that of James. Instead of redistribution, he sees the conflicting moral dimensions of class operating within these interactions. The advisors are generally recruited from a deserving, disciplined, and respectable working class (or "lower middle class" in UK vernacular class taxonomy), some of them with military backgrounds, and are themselves experiencing public-sector pay freezes and possible redundancies. They have little tolerance for the consumerism and the apparent irresponsibility of the indebted. The forms that clients have to fill in, too, express a moral vision that rejects indebtedness *tout court*, except when it represents an investment in upward mobility, such as a mortgage. While advisers know in theory that precariousness is structural, in practice, they explain it as a personal moral failure to conform to normal middle class aspirations. Housing estate inhabitants return the prejudice by refusing to trust them. They would avoid asking for their help as long as they can. Davey concludes with a carefully argued rejection of the underclass-formation thesis and further reflections on class formation in general.

The next four chapters present an East European and three South European cases, all focusing on private indebtedness and the legal and moral politics of credit and debt. Marek Mikuš studies debt collection practices in Croatia. Western publics have been well informed about the Mediterranean cases but not so much about the Central-East European (CEE) ones. CEE countries have been thoroughly financialized after 2000. Western banks took over big chunks of weakly regulated banking sectors. If so allowed, they began offering foreign exchange loans and mortgages with lower interest rates than in the local currencies, borrowing the money on the international markets in a classic carry trade. Personal indebtedness in CEE, rather low until the early 2000s, was by 2008 already approaching the level of the European South (more than 40 percent of GDP; I note that this level is much higher in Northern champions of financialization like the Netherlands, the UK, or Ireland, where it is around 100 percent). What was different was that much private debt in CEE was in foreign currency. Such "forex" debts increased substantially in value against the Swiss Franc and the Euro in the course of the financial crisis (cf. Barrett on Azerbaijan, this volume). In Croatia, debt arrears are punished harshly, as Mikuš shows. Creditors have been given some powerful collection tools that entirely bypass the court system. All enforcement proceedings on nonperforming

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

loans are centralized in one state agency for debt collection, which has the administrative authority to block bank accounts immediately and authorize regular pay back transfers, even without informing the account holder, not entirely unlike James's South African case. Creditors sometimes register a nonperforming loan even before communicating with clients, or not communicating at all. This public agency charges extortionate fees, which can easily inflate a small debt of fifty Kuna into an immediate liability five or six times the original amount. At some point in the mid-2010s, almost one in ten Croats had their bank account blocked. One might be surprised to hear that it was the EU that had insisted on streamlining debt collection and the associated legality this way, but this is not an isolated incident. The postsocialist Croatian state, desirous of European membership, was eager to submit to international demands. Some of the Zagreb-based state classes of legal specialists and accountants appear to have inserted themselves rather profitably into the resulting comprador networks. Ongoing mass outmigration, meanwhile, is often associated, both in popular stories and in actual fact, with efforts to escape debt collection. Mikuš discusses vernacular conspiracy theories of international finance bent on destroying the Croat nation; repossession blockades by Left/Right radical groups; angry neo-nationalist counter-pressures; as well as more centrist proposals for reregulation through parliament.

Dimitra Kofti's Greek case (Chapter 11) offers a sharp contrast to the Croat story of administrative efficiency and blank state support for private debt collection. Greece, after the crisis, under the Troika, was in a state of acute imposed illiquidity as money left the country to pay up for international loans. Banks were more interested in keeping going a trickle of payments from debtors rather than enforcing full repossession of houses or goods for which there was no market anyhow. Moreover, the Syriza-led Greek state had, in rejection of the Troika, vowed to defend citizens against the confiscation of their possessions. A law had been introduced already before the crisis, supported by the whole political spectrum, that secured "primary family domiciles" below a certain "real value" from creditor claims. This put the court system squarely in between citizens and creditors, exactly the opposite of what had happened in Croatia, where the courts had been cut out. Kofti describes the blurred boundaries between "private responsibility" and the social obligations of the Greek *oikos*, which were ambivalently recognized by the legal system too. Her focus is on debt, the changing relational balances within the extended kinship and friendship networks of the *oikos*, class, and the moralizing discourses of the courts and the public in Greece.

Before the great crisis, Spain was widely hailed as a model of neoliberal financialized growth. The expansion of the "ground rent frontier" was the engine of economic growth and "modernization" after the democratic tran-

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

sition. Finance was capitalizing on continued urbanization: investments in the construction and housing sectors, infrastructure, high-speed rail, and the making of new suburban middle class habitats for private and collective consumption—all deeply speculative processes. That regime all but collapsed after 2008. The crisis was less dramatic and less dramatically politicized than in Greece, but it still left hundreds of thousands of families dispossessed from homes that were bought against high prices, supported by an abundance of credit. Here, no governmental change took place, such as in Greece with *Syriza*, and there was no confrontation with the EU. But Spain did develop one of the major Western political movements of the 2010s, and issues of housing and dispossession were among its key drivers. The *indignados* movement subsequently generated the *Podemos* party. Affiliated local groups conquered major political positions and offices in the large cities, and ultimately drove a wedge in the party political system. But what happened outside the big cities? In Chapter 12, Natalia Buier investigates the political reactions of inhabitants of one of the best-known speculative habitats in Spain: *Valdeluz*. Situated 60 kilometers outside Madrid, it was projected as a space for high-middle-class living in a green environment near a planned railway station on the high-speed line toward Barcelona, which would reduce the time distance to central Madrid to a mere fifteen minutes. Buier describes the collapse of the project, the uninhabited spaces, major bankruptcies, stories about corruption, and a once aspiring middle class population now locked into an economically devalued and publicly infamous project disconnected from its wider environment and from the imagined futures that were its very promise. Their mobilization was not in the *Podemos* vein. It was about bringing back the growth machine, pinning hopes on the return of growth and rising exchange values, seeking to build lives around material and emotional investments into the chimera of a stable financialized capitalism.

In a second Spanish case, Marc Morell, in the last ethnographic chapter of this book, shows how the EU is supporting the development of the "sharing economy" around digital platforms for tourism such as Airbnb, and so helping the Spanish state to restart the private accumulation motor that produced the crisis in the first place. Digital "sharing," a boost for capital and assets, is driving up the prices for rental housing and real estate in Spain and on tourist islands such as Majorca in particular. He points at ruling class alliances of larger real estate owners, agency managers, neoliberal academics, and central state bureaucrats that are driving up the factual number of tourist accommodations as well as the value and price of local housing. Their politics also aims to actively reduce the public resources for social housing, crowd out lower earners from local rental markets, and keep local labor fundamentally precarious and deregulated. Finance

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

and the crisis lurk powerfully in the background: in the aftermath of the collapse, the Spanish state sought to offload large numbers of unoccupied and repossessed housing from the banks and the large construction firms into the tourism economy by means of new rounds of credit for buy-to-rent programs, thus recapitalizing the banks and the construction sector. The need for collateral to make use of such buy-to-rent programs immediately suggests that these are aimed at the already owning middle classes, and not for others. Thus, "sharing" has turned into its opposite: a highly socially polarizing game with ownership and rents accruing primarily to a small set of larger owners, associations, and firms. Another cycle of gentrification, now platform and tourism driven, is the result, offering an opportunity for refueling the financialized and real estate based growth model of the early 2000s. Morell also describes the counter movements of local inhabitants, NGOs, and left wing academics, which have kept a certain control over the administration of Ciutat, the capital of Majorca—not to the extent though that actual regulations become enforced: the local administration has failed to build a capacity to monitor the private holiday rentals. *La lucha continúa*, Morell concludes, which is inevitably also the final message of this introduction and the book as a whole.

Acknowledgments

I am very grateful for Chris Hann's invitation in 2014 to co-lead the MPI research group on financialization. I have learned an awful lot. Thanks to our postdocs—Tristam Barrett, Charlotte Bruckermann, Natalia Buier, Dimitra Kofti, Marek Mikuš, and Hadas Weiss—for inspiring collaboration, as well as to Chris, of course. I also thank Professor Sujian Guo and his colleagues for my stay in April 2019 at the Fudan Institute for Advanced Studies, Shanghai. Several longstanding friends have kept inspiring me on the topic of capital and finance. Of these, David Harvey and Gavin Smith should be mentioned explicitly.

Don Kalb is Professor of Social Anthropology at the University of Bergen, Norway, where he leads the Frontlines of Value project. He is also Senior Researcher at Utrecht University. Until 2017, he served as Professor of Sociology and Social Anthropology at Central European University, Budapest. Recent publications include *Anthropologies of Class: Power, Practice, and Inequality* (coedited with James G. Carrier, Cambridge University Press, 2015) and *Worldwide Mobilizations: Class Struggles and Urban Commoning* (coedited with Mao Mollona, Berghahn Books, 2018).

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

Notes

1. One could say that Graeber combines both Marx and Mauss. This would certainly seem so from his book on value (*Towards an Anthropological Theory of Value*). But in his later work, and in *Debt*, this is much less clear. I have earlier argued that Mauss has taken the upper hand, as he has in anthropology more generally, now and in the past (see Kalb 2014, 2018c).
2. It could be argued that the best theoretician of credit money at the time was John Law, in his text "Money and Trade Considered: with a Proposal for Supplying the Nation with Money." The proposal was for a national bank for (then still independent) Scotland. Like William of Orange with the Bank of England, Law was trying to introduce "Dutch banking" to Scotland. He failed, but later succeeded spectacularly in France, only to be chased out of the country in the middle of a major financial crisis known as "the Mississippi Bubble," which happened at the same time as the "South Sea Bubble" in the British markets. One could summarize his failure as an attempt to introduce "Dutch banking" without the Dutch parliamentary institutions and class structure. William of Orange did better, realizing that they are flanking and mutually reinforcing institutions; with all the resources at his disposal, he did not need to write a treatise. See Buchan 2018; Chancellor 2019; Goetzmann 2016.
3. As was, famously, Alan Greenspan himself, the then FED president (Visser and Kalb 2010; Tooze, 2018). US politicians had been force-fed the $800 billion USD Troubled Asset Relief Program (50 percent bigger than the Pentagon budget) in the fall of 2008 by a Secretary of the Treasury, Henry Paulson, who had been the previous President of Goldman Sachs. Many, Republicans in particular , were furious that no more public money would flow to the bankers—the Tea Party of which President Trump has become the major heir had its origins in that Left/Right anger about socialism for the capitalists.
4. Martin Sandbu, "Draghi shift reveals how elusive monetary normalization remains," *Financial Times*, 12 March 2019.
5. Martin Wolf, "Monetary policy has run its course," *Financial Times*, 13 March 2019.

References

Anderson, Perry. 2013. *Passages from Antiquity to Feudalism*. London: Verso.

Appadurai, Arjun. 2015. *Banking on Words: The Failure of Language in the Age of the Derivative*. Chicago: Chicago University Press.

Arrighi, Giovanni. 2009 [1994]. *The Long Twentieth Century: Money, Power, and the Origins of Our Time*. London: Verso.

Aston, T. H., and C. H. Philpin. 2010. *The Brenner Debate: Agrarian Class Structure and Economic Development in Preindustrial Europe*. Cambridge, UK: Cambridge University Press.

Banaji, Jairus. 2007. *Agrarian Change in Late Antiquity: Gold, Labour, and Aristocratic Dominance*. Oxford: Oxford University Press.

———. 2013. *Theory as History: Essays on Modes of Production and Exploitation*. Leiden: Brill.

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

Bernanke, Ben. 2016. *Essays on the Great Depression*. Princeton: Princeton University Press.
Braun, Benjamin. 2016. "Speaking to the People? Money, Trust, and Central Bank Legitimacy in the Age of Quantitative Easing." *Review of International Political Economy* 23: 1064–93.
Buchan, James. 2018. *John Law: A Scottish Adventurer of the Eighteenth Century*. London: MacLehose.
Buiter, Willem. 2014. "The Simple Analytics of Helicopter Money: Why It Works—Always." *Economics* 8 (August). doi: org/10.5018/economics-ejournal.ja.2014-28. Available at SSRN: https://ssrn.com/abstract=2484853.
Carrier, James, and Don Kalb, eds. 2015. *Anthropologies of Class: Power, Practice, and Inequality*. Cambridge, UK: Cambridge University Press.
Chancellor, Edward. 2019. "The Man Who Invented Money." *New York Review of Books* LXVI, no. 7 (18 April): 47–49.
Clapham, John. 1944. *The Bank of England: A History*. Cambridge, UK: Cambridge University Press.
Davidson, Neil. 2017. *How Revolutionary Were the Bourgeois Revolutions?* Chicago: Haymarket Books.
De Soto, Hernando. 2001. *The Mystery of Capital.* London: Black Swan.
Di Muzio, Tim, and Richard Robbins. 2016. *Debt as Power*. Manchester: Manchester University Press.
Ekholm-Friedman, Kajsa, and Jonathan Friedman. 2008. *The Anthropology of Global Systems*. Vols. 1 and 2. Lanham: Altamira Press.
Emirbayer, Mustafa. 1997. "Manifesto for a Relational Sociology." *American Journal of Sociology* 103, no. 2: 281–317.
Ferguson, James. 2015. *Give a Man a Fish: Reflections on the New Politics of Distribution*. Durham: Duke University Press.
Fraser, Nancy, and Rahel Jaeggi. 2018. *Capitalism: A Conversation in Critical Theory*. London: Polity Press.
Friedman, Jonathan. 1978. "Crises in Theory and Transformations of the World Economy." *Review* (Fernand Braudel Center) 2, no. 2: 131–46.
Fullwiler, Scott, Stephanie Kelton, and Randall Wray. 2012. "Modern Monetary Theory: A Response to Critics." In *Modern Monetary Theory: A Debate*. Amherst: Political Economy Research Institute.
Goetzmann, William. 2016. *Money Changes Everything: How Finance Made Civilization Possible*. Princeton: Princeton University Press.
Goldstone, Jack. 2008. *Why Europe? The Rise of the West in World History, 1500–1850*. New York: McGraw-Hill.
Goody, Jack. 2004. *Capitalism and Modernity: The Great Debate*. London: Polity Press.
———. 2009. *The Eurasian Miracle*. London: Polity Press.
Graeber, David. 2002. *Towards an Anthropological Theory of Value: The False Coin of our Dreams*. London: Palgrave McMillan.
———. 2011. *Debt: The First 5000 Years*. Brooklyn: Melville House.
Hart, Keith. 2001. *Money in an Unequal World*. New York: Texere.
Harvey, David. 2007. *The Limits to Capital*. London: Verso.

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

———. 2017. *Marx, Capital, and the Madness of Economic Reason*. London: Profile Books.
Hertz, Ellen. 1998. *The Trading Crowd: An Ethnography of the Shanghai Stockmarket*. Cambridge, UK: Cambridge University Press.
Ho, Karen. 2009. *Liquidated: An Ethnography of Wall Street*. Durham: Duke University Press.
Hocket, Robert, and Saule Omarova. 2017. "The Finance Franchise." *Cornell Law Review* 102 (July): 1144–218.
Holmes, Douglas. 2013. *Economy of Words: Communicative Imperatives in Central Banks*. Chicago: Chicago University Press.
Israel, Jonathan. 2008. *The Anglo Dutch Moment: Essays on the Glorious Revolution and Its World Impact*. Cambridge, UK: Cambridge University Press.
James, Deborah. 2015. *Money from Nothing: Indebtedness and Aspiration in South Africa*. Palo Alto: Stanford University Press.
Kalb, Don. 1997. *Expanding Class: Power and Everyday Politics in Industrial Communities. The Netherlands 1850–1950*. Durham: Duke University Press.
———. 2005. "From Flows to Violence: Politics and Knowledge in the Debates on Globalization and Empire." *Anthropological Theory* 5, no. 2: 176–204.
———. 2013. "Financialization and the Capitalist Moment: Marx versus Weber in the Anthropology of Global Systems." *American Ethnologist* 40, no. 2: 258–66.
———. 2014. "Mavericks: Harvey, Graeber, and the Reunification of Anarchism and Marxism in World Anthropology." *Focaal* 69: 113–34.
———. 2015. "Introduction: Class and the New Anthropological Holism." In *Anthropologies of Class*, ed. James Carrier and Don Kalb, 1–27. Cambridge, UK: Cambridge University Press.
———. 2018a. "Austerity and 'the Discipline of Historical Context.'" In *The Global Life of Austerity: Comparing beyond Europe*, ed. Theodoros Rakopoulos, 130–49. New York: Berghahn Books (Critical Interventions).
———. 2018b. "Deep Play: Finance, Demos and Ethnos in the New Old Europe." In *The Margins of the State*, ed. Bruce Kapferer, 23–66. Canon Pyon: Sean Kingston Publishing.
———. 2018c. "Trotsky over Mauss: Anthropological Theory and the October 1917 Commemoration." *Dialectical Anthropology* 42, no. 3: 327–43.
———. 2018d. "Upscaling Illiberalism: Class, Contradiction, and the Rise of the Populist Right in Post-Socialist Central Europe." *Fudan Journal of the Humananities and Social Sciences* 11, no. 3: 303–21.
Kalb, Don, and Gabor Halmai, eds. 2011. *Headlines of Nation, Subtexts of Class: Working Class Populism and the Return of the Repressed in Neoliberal Europe*. New York: Berghahn Books.
Kalb, Don, and Mao Mollona. 2018. "Introductory Thoughts on Anthropology and Urban Insurrection." In *Worldwide Mobilizations: Class Struggles and Urban Commoning*, ed. Don Kalb and Mao Mollona, 1–30. New York: Berghahn Books.
Kalb, Don, and Herman Tak, eds. 2005. *Critical Junctions: Anthropology and History beyond the Cultural Turn*. New York: Berghahn Books.

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

Keynes, John Maynard. 2011 [1930]. *A Treatise on Money*. London: Martino Fine Books.

———. 2017 [1936]. *General Theory of Employment, Interest, and Money*. London: Macmillan.

Knapp, Georg Friedrich. 1924 [1905]. *The State Theory of Money*. London: Macmillan.

Legrain, Philippe. 2014. *European Spring: Why Our Economies and Politics Are in a Mess—And How to Put Them Right*. Marstongate: CB Books.

LiPuma, Edward. 2017. *The Social Life of Financial Derivatives*. Durham: Duke University Press.

Magnus, George. 2018. *Red Flags: Why Xi's China Is in Jeopardy*. New Haven: Yale University Press.

McLeay, Michael, Amar Radia, and Ryland Thomas. 2014. "Money Creation in the Modern Economy." Bank of England Quarterly Bulletin Q1. Available at SSRN: https://ssrn.com/abstract=2416234.

Mezzadra, Alessandro, and Brett Neilson. 2019. *The Politics of Operations: Excavating Contemporary Capitalism*. Durham, NC: Duke University Press.

Mintz, Sidney. 1986. *Sweetness and Power: The Place of Sugar in the Modern World*. London: Penguin.

Mitchell-Innis, Alfred. 1913. "What Is Money?" *The Banking Law Journal* (May): 377–408.

Moore, Jason. 2015. *Capitalism in the Web of Life: Ecology and the Accumulation of Capital*. London: Verso Books.

Parks, Tim. 2006. *Medici Money: Banking, Metaphysics and Art in Fifteenth Century Florence*. London: Profile Books

Parry, Jonathan, and Maurice Bloch, eds. 1989. *Money and the Morality of Exchange*. Cambridge, UK: Cambridge University Press.

Pettifor, Ann. 2017. *The Production of Money: How to Break the Power of Bankers*. London: Verso.

Pitluck, Aaron, Fabio Mattioli, and Daniel Souleles. 2018. "Finance beyond Function: Three Causal Explanations for Financialization." *Economic Anthropology* 5, no. 2: 157–71.

Rosenthal, Jean-Laurent, and R. Bin Wong. 2011. *Before and Beyond Divergence: The Politics of Economic Change in China and Europe*. Cambridge, MA: Harvard University Press.

Scheidel, Walter. 2009. "The Monetary Systems of the Han and Roman Empires." In *Rome and China: Comparative Perspectives on Ancient World Empires*, ed. Walter Scheidel, 137–209. Oxford: Oxford University Press.

———, ed. 2009. *Rome and China: Comparative Perspectives on Ancient World Empires*. Oxford: Oxford University Press.

Shaxson, Nicholas. 2018. *The Finance Curse: How Global Finance Is Making Us All Poorer*. London: Penguin.

Slobodian, Quin. 2018. *Globalists: The End of Empire and the Birth of Neoliberalism*. Cambridge, MA: Harvard University Press.

Smith, Gavin. 2014. *Intellectuals and Counter-Politics: Essays in Historical Realism*. New York: Berghahn Books.

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale

Tilly, Charles. 1998. *Durable Inequality*. Berkeley: University of California Press.
———. 2001. "Relational Origins of Inequality." *Anthropological Theory* 1, no. 3: 355–72.
Tooze, Adam. 2018. *Crashed: How a Decade of Financial Crises Changed the World*. London: Allen Lane.
Visser, Oane, and Don Kalb. 2010. "Financialised Capitalism Soviet Style? Varieties of State Capture and Crisis." *European Journal of Sociology/Archives Europeenes de Sociology* L, no. 2: 171–94.
Vogel, Joseph. 2017. *The Ascendency of Finance*. London: Polity Press.
Wolf, Eric. 1982. *Europe and the People Without History*. Berkeley: University of California Press.
———. 2001. *Pathways of Power: Building an Anthropology of the Modern World*. Berkeley: University of California Press.
Wolf, Martin. 2015. *The Shifts and the Shocks: What We've Learned—and Have Still to Learn—from the Financial Crisis*. London: Penguin.
Zaloom, Caitlin. 2010. *Out of the Pits: Traders and Technology from Chicago to London*. Chicago: Chicago University Press.

Financialization
Relational Approaches
Edited by Chris Hann and Don Kalb
https://www.berghahnbooks.com/title/HannFinancialization
Not for resale