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Opinions: The Anthropology of Finance

One of the more salutory effects of the financial crisis in 2007-8 has been the realization, even by some economists, that numbers do not explain everything and that social forms and relations also play a major part in financial trading. Here anthropologists (and some sociologists) have come to the fore. The *JBA* therefore asked a number of scholars to write an opinion piece about different aspects of the anthropology of finance that interested them. Here is what some of them kindly contributed.

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Beyond Culture and Society: Prospects for Ethnographies of Finance

Daromir Rudnyckyj, University of Victoria

Finance has recently attracted an upsurge of interest among ethnographically oriented social scientists and this attention has increased dramatically in the wake of recent financial crises that have swept across Europe, the United States, and beyond. Much of the recent sociological and anthropological work on finance has built on research that has sought to understand the effects of expert knowledge on human life and ways of living, especially in science and technology studies. Social studies of finance have sought to open up the black box of finance to better understand the practices and assumptions that frame financial action (MacKenzie, Muniesa and Siu 2008; Miyazaki 2013; Zaloom 2006). In parallel with the accelerating interest in finance in the human sciences, finance has also recently become a focus of popular political mobilization and increased public scrutiny. The Occupy Movement that emerged in large part in response to government action (and inaction) following the financial crises of the period between 2008 and 2011 makes it evident that finance wields disproportionate influence on human action compared to its outsized influence on human life (Juris 2012). While some strategies of social scientific engagement with finance sought to demonstrate the social and cultural dimensions of financial worlds, more recent strategies have analyzed the networks and rationalities that comprise finance today. This essay seeks to raise a set of questions that might guide empirical social scientific work on finance.

Some recent sociological and anthropological work has identified the cultural forms and social structures that characterize spaces of finance. Two distinguished sociologists, Donald MacKenzie and Yuval Millo, have documented the history of the Chicago Board Options Exchange, a key financial derivatives market. Mainly based on interviews with key players and power brokers on the exchange, they deploy Michel Callon's performativity theory (Callon 1998), which asserts that economics 'does not describe an existing external "economy," but brings that economy into being: economics *performs* the economy, creating the phenomena it describes' (MacKenzie and Millo 2003:108). In so doing, they demonstrate how the Black Scholes theory, originally a hypothetical model to account for the behavior of derivatives traders, increasingly influenced the world that it had previously purported only to describe. They note that 'the markets gradually altered so that many of the model's assumptions, wildly unrealistic when published in 1973, became more accurate' (122). Second, traders began to adopt the model as a 'guide to trading' (123). The model was no longer just used to describe the options trading market, but was instead actively used by traders to guide their action in the market. Thus, they conclude, 'gradually, 'reality' (in this case, empirical prices) was performatively reshaped in conformance with the theory' (127).

In so doing, MacKenzie and Millo also show how a space purportedly dedicated to the pure exercise of market principles is actually the site of an elaborate array of social codes, mutual obligations, and reciprocity (115-119). Noting the importance of social relationships on the exchange, they suggest the irony inherent in the fact that 'the very markets in which *homo oeconomicus* appears to thrive cannot be created (if they require the solution of collective action problems, as in Chicago) by *homines oeconomici*. Chicago practice (markets created by collective action) contradicts Chicago theory, orthodox economics as famously pursued at the University of Chicago' (116). Perhaps it should come as no surprise that two sociologists should enter into a space that might be seen as the site for the exercise of pure market reason and find the central object of their discipline: society.

An analogous approach is apparent in recent work by the eminent anthropologist Arjun Appadurai. Appadurai seeks to decipher the cultural dispositions that precipitated recent financial crises in the United States. Focusing mainly on the practices and orientations of Wall Street traders, Appadurai argues that 'it is possible to identify a series of magical practices…at the heart of global capitalism and, in particular, of the financial sectors. These practices are premised on a general, absolute, and apparently transcendent faith in the market' (Appadurai 2012:8-9).[1] Drawing heavily on Weber's famous arguments regarding the spirit of capitalism, Appadurai notes that the resurgence of magic runs against Weber's own observations about capitalism. As he points out, Weber identified Protestant asceticism and the sober disavowal of any worldly manifestations of divinity as one of the key enabling conditions for the subsequent emergence of the spirit of capitalism (2012:8). Weber, of course, also identified the elimination of magic by Protestant reformers as a key condition of possibility for the emergence of worldly asceticism and ultimately the spirit of capitalism (Weber 2001:71). Thus, Appadurai concludes that the 'new religion of the market [that] treats the market as the source of certainty' reverses 'the Weberian logic' (2012: 9). According to Appadurai, the problem is that instead of behaving rationally, the financial actors created the current and ongoing financial crises due to a mystical faith in the market.

Although not cited, Appadurai's arguments about financial capitalism seem to borrow more from Marx than they do from Weber. Appadurai does not refer to Marx in either essay, but the assertion of magic inherent in financial capitalism and his insistence that the market is treated in religious and mystical terms by traders and other actors, evokes Marx's famous arguments about commodity fetishism that were articulated at an earlier moment in the history of capitalism (Marx 1977:163-170). The traders and financiers briefly described are depicted as being as mystified by the tools and techniques through which they apprehend the market, such as chartism (Appadurai 2011:528), as the consumers of nineteenth century were by the proliferation of commercial merchandise following the industrial revolution.

Of course, in asserting the apparent magical nature of market capitalism to those who inhabit it, Appadurai travels down a path well trod by anthropologists. Indeed, the apparently magical nature of the market is evident in work ranging from studies of cargo cults and devil worship (Taussig 1980; Worsley 1957) to more recent invocations regarding post-colonial 'occult economies' (Comaroff and Comaroff

[1] It is instructive to point out that this sentence appears word for word in both the *Cambridge Anthropology* and the *Public Culture* essays (2011: 527).

1999). Of course, a central concern of such studies has been to show how culture informs economic action. Thus, just as the sociologists MacKenzie and Millo entered into the world of high finance and found society at the heart of the market, Appadurai makes a parallel voyage and finds culture in similar sites. It is perhaps predictable that sociologists and anthropologists might enter market spaces and find the orienting objects of their disciplines, but it strikes me that empirical research might be able to offer more to understanding the worlds of finance than to simply identify the social or cultural action occurring therein. In this regard there are three sets of questions that might be useful in developing more robust interdisciplinary work on finance.

First, how does one do empirical social scientific research in financial sites? That is to say, what ethnographic techniques are available to conduct ethnographic work on finance? In addressing this question, it would be germane to identifying continuities with previous anthropological modes of investigation and also identifying the sorts of innovations required in empirical research on finance.

Second, why should anthropology be attentive to finance? In other words, how does attention to finance advance disciplinary knowledge? As such, anthropologists could attend to how empirical work on finance might benefit research programs in other domains of the discipline. Given that sites for the formation of expert knowledge – such as laboratories, hospitals, government offices, and corporations – are increasingly prevalent locations for the practice of anthropology, those working in these sites might identify continuities and obstacles to carrying out research in these sites.

Finally, how does attention to finance enable better understanding of capitalism? Given the complexity and sophistication of economic practice, how might ethnographic work on finance contribute to enhancing our comprehension of capitalism today? Previous diagnoses of capitalism may not provide the best arsenal of concepts to address the complexity of contemporary capitalism. Work on finance might offer new tools to enhance our knowledge of how capitalism has changed. Furthermore, proclamations that ongoing financial crises will lead to the ultimate downfall of capitalism, or even widespread policy transformations, are perhaps premature. Yet transnational initiatives such as the Occupy Movement have made financial centers increasingly visible as critical sites of not only economic action, but political expression and ethnographic documentation. Given this articulation, as well as an increasing awareness of the effects of finance on human life and action, it would seem an opportune moment for anthropology to consider what intervention the discipline might make.

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Sovereign Wealth Funds: Configuring an Ecology of Security

Aihwa Ong, University of California, Berkeley

If the anthropology of finance has shifted from the polemics of exploitation to the pragmatics of capitalism, we are still somewhat influenced by the framing of economics in opposition to politics. Our US-centric view of capitalism has been one that is antagonistic to the state, or of the state succumbing to the power of Wall Street, as in government bailouts of 'too big to fail' banks and corporations. Conceptually, we have been overly influenced by 'progressive' views (Marx, Polyani, Arendt) of the economy and politics as contradictory domains that ought to be resolved into a single entity. Anthropologists writing on finance tend to anticipate that ('over time') one domain would collapse into the other. Either the primacy of capitalism must give way to the primacy of sociality, or the creation of profits subsumed under the creation of social values. As ethnographers, we seem caught in a double-bind of financial wealth versus the human good, and suspended in the conceptual temporality of waiting for the endpoint (Miyazaki 2006).

A strategic ecology.....

There is an alternate way of thinking about the relation of finance and politics fueled by the growth of sovereign wealth funds (SWF) in emerging nations. Are developing areas of the world simply victims in global capital flows, or are they developing powers to redirect circuits of capital and technology to shape an emerging space of the social good? If so, how do financial techniques form new 'topologies of power' (Collier 2010)? In other words, how do financial practices shape a strategic correlation of governing and space beyond the nation-state? What new codings of capital are involved in this process of financial 're-territorialization' (Deleuze & Guattari 1987)? And what kind of political values are being marked?

Foucault (2007) argues that modern political government is not about establishing singularity, but about strategically engaging multiplicity in conditions of heterogeneity and competition (see Lazzarato 2008). His diagnosis of liberalism identifies a 'centrifugal' mechanism of security that constantly integrates diverse elements – techniques, institutions, and material resources – as a way of developing 'ever-wider circuits' (2007: 45). In other words, governing strategy strategically coordinates diverse agencies, methods, forms and actors to configure a space of security that extends beyond the territory of the state.

Anthropologists are perhaps conceptually and empirically alert to how flows of practices, objects and actors shape emerging spaces for resolving problems of security and power. As Stephen J. Collier and I (2005) have noted, for the analyst and perhaps the technocrat, the space of problematization is the space of the assemblage; or the strategic configuration for problem-solving identifies a mix of politics and the economy with external relationships.

In this opinion piece, I will discuss how state finance is involved in shaping a novel milieu, or 'ecology of expertise' (Ong 2005). Increasingly, strategies of governing and financial security reflect biological principles for intervening in conditions of variation, selection, and sustainability. An ecology of expertise is built when strategic interactions among flows of capital and technology (re)territorialize and (re)code complex interrelationships between governments and companies, venture capital and research institutions, economic growth and the social good. Different domains of value creation are woven into a system of flexible and interdependent relationships, thus implicating them in a shared fate of competition, security, and sustainability.

China's 'superbank' reconfigures financial flows

When it comes to global financial markets, it is informative to contrast governing styles animated by either an ecological logic or a centripetal logic. The European project seems to pursue a centripetal mechanism that circumscribes a closed space for regulation according to norms of good and bad. Nations that use the euro pool their sovereignty under a single supervisor to watch over their biggest banks. A journalist reports that Brussels 'has long either ignored financial markets or denounced them as an alien and predatory force.' But now that the long-term viability of the euro is at stake, there is evolution in the thinking of the Brussels bureaucracy.[2] By contrast, an 'Anglo-Saxon' or 'advanced liberal' approach 'governs through freedom' (Rose 1999) by retaining individual sovereign powers but focusing on building a transnational (i.e. distributed) common market. The logic is a financial system framed by common membership in the EU block, more or less.

In so-called authoritarian Asian regimes, a centrifugal logic – expansive, flexible, and attentive to how variation can work together, is also at play. There are forms of financing in the Asia-Pacific, from illegal financial schemes to legal sovereign funds (Ong 2012: 31). Here, I analyze the strategic deployment of sovereign funds by different countries that territorialize and code multiple crisscrossing relations of convergence and competition that shape an emerging financial region. A purely business definition of a financial platform assesses the soundness and

[2] Andrew Higgins, 'After fighting markets, Europe now prefers working with them,' *The New York Times,* December 15, 2012, A8.

scope of their financial activities.[3] But the flexible assemblage of funds, technologies, and expertise that control the diversity and quality of tradeable assets in East Asia is closer to an emerging financial 'plateau' (Deleuze and Guattari 1987) that is challenging American domination of global markets.

Sovereign wealth funds consist of state-owned investment capital that draws mainly on surplus currency reserves. Usually managed by central banks or special state corporations, SWF are invested globally in order to benefit the state. After three decades of feverish growth in Asian economies, state-controlled reserves have become critical players in shifting global financial flows and markets.

The PRC is the holder of the largest foreign exchange reserves in world history. At the annual GDP rate of 10%, China has high levels of savings and investment, as well as vast trading surpluses. The 'superbank' managing China's financial system is China Development Bank (Sanderson & Forsythe 2013). CDB made huge loans that financed the rapid urbanization of the country, and the rise of the property market and public revenues. The superbank has also made sent money around the world to secure China's long-term energy supplies, by financing infrastructural systems in Venezuela and African nations.

For some time now, Chinese foreign exchange assets have bankrolled US bonds, thus helping to keep the American economy running. Especially since the 2008 recession, SWF from China, Singapore, and the Middle East have come to the rescue of failing banks and corporations in Europe and help shore up debt-burdened countries such as Greece. However, budgetary grid-lock in Congress has convinced Chinese monetary authorities that they need to explore other ways to use their money. Affluent Asian countries have begun looking for alternative investments to the ultralow-yielding U.S. government bonds as a way to enhance returns on the reserves.

Sovereign wealth funds from Asia are quietly flowing into so-called alternative asset classes or property and infrastructural developments in global cities. In early 2013, China's State Administration of Foreign Exchange (SAFE) invested through its company Gingko Tree (also owned by a Singapore company), in university housing, water systems, and office buildings in London and Manchester, to the tune of over $1.6 billion. A financial observer notes that 'In fact, it is difficult to walk through the City of London without passing a building at least part-owned by a foreign government pension or sovereign fund.' In other words, London's property market is being supported by sovereign wealth funds from China, Singapore, Malaysia, Qatar, and Norway (McMahon & Wei 2013).

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[3] For a definition by the Development Bank of Japan, see http://www.dbj.jp/en/co/csr/property/platform1.html

Besides foreign reserves, another circuit of money flows stems from Asian companies. It is no longer the case that publicly traded companies anywhere have to turn to the stock exchanges in New York, London, or Tokyo. New Asian companies coming on the market are now listed in stock exchanges in Hong Kong, Shanghai, Singapore, Seoul, and Sidney, making them attractive global markets for trading stocks, commodities, and derivatives. It is also the case that Asian stock exchanges have less rigorous trading standards than those enforced by regulatory agencies in the US. For instance, the Securities and Exchange Commission (SEC) has pressured auditors to investigate possible frauds by some Chinese companies which are suspected of double book-keeping. Furthermore, Chinese laws ban the removal overseas of audit papers, thus preventing Western auditors from examining the financial statements of Chinese companies. Because Chinese stocks are considered too risky and volatile for Western markets, the drive to de-list them from the New York Stock Exchange has driven companies to list themselves in Asian markets.

The relative weakness in regulatory oversight is overlain by the strengthening of technologies in Asian financial centers. The triumph of electronics trading worldwide and the sheer volume of public companies in Asia create opportunities for governmental action to coordinate trading activities and infrastructures that weave together a critical region of capital flows. Hong Kong, Shanghai, Singapore, and Sydney have built electronic-trading platforms that greatly expand the volume, scale and liquidity of financial activities across the region. Such state investments in high speed technologies thus underpin the rise of Asian stock markets that are pulling huge volumes of international trading away from the West. Compared to the euro zone, the centrifugal approach in Asia accepts diversity in sovereignty and competitiveness in market positions within an evolving commercial ecosystem.

An ecology of security

Another Foucauldian intervention is to return capitalism to the problem of population as a bioeconomic problem, i.e. the political challenge of securing conditions of reproduction and security in the midst of diversity and contingency. It should, therefore, not be surprising that SWF are deployed not only to mobilize financial markets, but also to grow bioeconomies that can promote values of sustainability. There is a perspective common in anthropology that biocapitalism centers on exploiting peoples and resources in emerging economies (Sunder Rajan 2006), and that 'biovalues' are commodities that threaten the common good (Waldby & Mitchell 2007). It would be helpful if, instead of thinking of biocapitalism and biovalue as external to the politics of life, we examine the novel conjunction of financial instruments, vitalist practices, and state power in the developing world.

In recent decades, wealthy Asian countries have begun to funnel surplus funds toward building biomedical hubs that promise to create security for populations beyond national borders. The most famous center is Biopolis, grown from a multi-billion (US) dollar investment by the Singapore government. Although sited in a tiny island-state, Biopolis is oriented outwards, connected to a multiplicity of researchers, institutions, and resources in Asia and beyond (Ong 2013). In China, state loans and facilities help sustain a private company, the Beijing Genome Institute, that operates the largest 'sequencing factory' in the world from its headquarters in Shenzhen. Western observers have dismissed these 'bioeconomies' as purely commercial enterprises, but the drawing together of state finance, biomedical research and corporations is engendering values beyond anticipated profits. Such reconfigurations of the economy and politics suggest that we rethink the notion of value that can be engendered through a series of public-private partnerships building on the recruitment of cutting-edge expertise. Beyond investments for improving the content of human capital, the larger goal is to act on this capital through a series of techniques 'to mobilise, solicit, incite, and invest 'life' (Lazzarato 2008).

One technique that intimately connects finance and life is fungibility. In economics, 'fungibility' is the quality of a value or good whose individual units can substitute for one another, such as bonds or crude oil. More broadly, fungibility refers to interchangeable or substitutable qualities in the satisfaction of a particular obligation or performance of a particular function. DNA becomes fungible when its digitalized form becomes interchangeable with other types of economic, social and political values.

But it is not simply the case that DNA spreadsheets become the analogy of finance, selling security in uncertain markets. Rather, the digitalization of DNA is one among many logics that deploy human differences in the politics of managing life through diversity. The non-commoditized dimension of bio-values is the enhanced capacity of biotechnologies to calculate 'potential biothreats' (Samimian-Darash, 2013) and to thus perform as a technology of uncertainty in the region.

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Modern government, ideally, is about building new interrelations between the economy and politics, commodities and populations, between biocapitalism and biopolitics: in other words, about building ecologies of security in which they are entangled and interdependent. Above, I have taken an 'external' or oblique approach to financial activities, examining not what is within financial markets, but the role of financial flows in animating new ecologies that, by putting into interaction diversity, competitiveness, and sustainability, are generative of values beyond sheer economic gains.

On a broader level, a grasp of how contemporary spaces of governing are strategically coordinated but separate domains, illuminates how financial approaches to risk-taking are not limited to arbitraging our future and making us victims of uncertainty. Drawn into networks of security, financial mechanisms such as fungibility are productive of potential values for sustaining the social good in confronting the future. Hope in finance is possible when we can test claims against incremental gains in experiments that integrate vitalist politics and sustainable growth.

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Japan at the 'End' of Finance

Hirokazu Miyazaki, Cornell University

Japan's Prime Minister Shinzo Abe's new economic policy widely, known as Abenomics, has led to a dramatic stock market surge since December 2012. After a two-decade long recession and a deflation spiral that has lasted for over fifteen years, the Japanese economy seems poised to regain its global preeminence. More significantly, Abe's economic policy seems to offer a model for other nations' ongoing efforts to recover from the global financial crises of 2007-2008. Is Japan 'back', as Prime Minister Abe proclaimed in Washington, D.C. on 22 February 2013?[4] What is the significance of Abenomics for the anthropology of finance?

In my recent book, *Arbitraging Japan: Dreams of Capitalism at the End of Finance* (Berkeley: University of California Press, 2013), I have chronicled the professional career trajectories of some of Japan's pioneering derivatives traders since the late 1980s. For the traders I studied, arbitrage, a key concept in financial economics and a well-established trading positionality in financial markets, has been a particularly compelling idea. Arbitrage is a style of trading frequently adopted by professional traders to take advantage of a market price difference between two theoretically equivalent economic assets (such as a stock market index and futures contracts on the index). Arbitrageurs detect arbitrage opportunities by computing the price difference between the two assets in a condition of no arbitrage, a condition in which there are no such arbitrageable price differences. In other words, arbitrage opportunities are defined in relation to their absence. Moreover, arbitrageurs see themselves as taking advantage of and eventually eliminating arbitrage opportunities themselves. In this sense, arbitrage

[4] 'Japan Is Back,' a speech delivered at the Center for Strategic and International Studies, February 22, 2013. http://www.mofa.go.jp/announce/pm/abe/us_20130222en.html

assumes an orientation toward its own end.

In *Arbitraging Japan*, I demonstrate a variety of concrete manifestations of arbitrageurs' highly sharpened sense of an end, from their routine switching of investment targets from one market to another (due to the decrease in arbitrage opportunities), to their understanding of Tokyo's downfall as a global financial center (due to its becoming a target of arbitrage itself), to their personal quests for spiritual ends (perhaps as efforts to sustain their own identity – yet another arguably arbitrageable difference). The Japanese traders whose professional and intellectual lives I examined in *Arbitraging Japan* also have long anticipated the end of arbitrage (for them), and of financial expertise more generally. As one of the traders pointed out to me in the aftermath of the global financial crisis of 2007-2008. 'The subprime crisis revealed a simple fact: that is, that finance is nothing but a fraud … As it has turned out, finance was the arbitrage of knowledge gaps between those who know [those in the financial industry] and those who don't [the public], not arbitrage between markets, and this fact has been revealed' (Miyazaki, *Arbitraging Japan*, p. 1).

The philosophical and even spiritual elaborations of the idea of arbitrage among the Japanese traders I have studied are perhaps extreme, and they are at least partially ironic results of the well-known Japanese propensity to master, refine and innovate on imported knowledge, the widely acknowledged engine of Japan's postwar economic growth.[5] Yet, I suggest that the global financial crisis of 2007-2008 has intensified more generally the sense of the end of financial expertise implicit in financial concepts, such as arbitrage. There is a general sense of the failure of risk-based models of financial calculation and of the broad willingness to embrace radical uncertainty.

In fact, Abenomics is an example of this broad trend. After all, the core component of Abenomics – that is, the large-scale quantitative easing policy that Haruhiko Kuroda, the new Governor of the Bank of Japan, unveiled on 4 April 2013 – is nothing but an expression of a willingness to acknowledge the failure of conventional monetary policy tools.[6] Governor Kuroda himself has acknowledged that there are limits to the efficacy of monetary policy and of the inflation targeting policy (the target is being set at two per cent), more specifically, to turn the deflationary spiral around. Governor Kuroda's new policy is an effort to redeploy standard monetary policy tools in a zero-interest situation in which their efficacy is widely regarded as uncertain at best. In this context, Kuroda has emphasized the importance of expectations (that is, expectations that

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[5] See, e.g., Ezra Vogel, *Japan as Number One: Lessons for America*, Cambridge, MA: Harvard University Press, 1979.

[6] See Hirokazu Miyazaki and Annelise Riles, 'Re-tooling Expectations: Abenomics and the Politics of Quantitative Easing,' Unpublished Manuscript, Department of Anthropology, Cornell University.

prices will rise in the future), and he has focused on boosting these expectations not only by exponentially increasing the size of quantitative easing, but also by drawing attention to the general role of expectations in the economy itself. In other words, Governor Kuroda's new policy calls for more expectations for inflation and economic growth from the market. In this sense, Abenomics stands at the end of monetary policy, and Governor Kuroda's emphasis on expectations takes for granted the uncertainty not only of the efficacy of his own monetary policy but also of the future of the national and global economy.

Governor Kuroda's new monetary policy is a dramatic manifestation of what Douglas Holmes has called the 'economy of words',[7] in which central bankers increasingly focus their policy work on public communication. In light of the ethnographic observations I have made in *Arbitraging Japan*, however, Governor Kuroda's monetary policy experiment can also be regarded as a manifestation of the financial market professional's embrace of radical uncertainty and of the end of his own expertise. Abenomics then confirms, once again, that financial expertise has come to an end. Yet, what makes it particularly interesting for anthropological observers of financial expertise, is the way it projects the end of finance as yet another opportunity for financial imagination and expectation to reorient itself to the future.[8] In this sense, Abenomics has made Japan resurface as a place of general interest where our common futures, financial and otherwise, are beginning to play themselves out.

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The Speculative Ethic and the Rise of Financialism

(In honor of Carol Breckenridge)

Benjamin Lee, The New School for Social Research, New York

In this opinion piece, I will present a framework for analyzing the development of what might be called a 'speculative ethic' for contemporary finance capitalism. The term speculative ethic naturally brings to mind Weber's Protestant ethic, but it would seem a fairly long journey from Weber's Calvinist ascetic to the 'masters of the universe' and

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[7] Douglas Holmes (2009). 'Economy of Words,' *Cultural Anthropology* 24 (3): 381-419.
[8] See also Hirokazu Miyazaki (2006). 'The Economy of Dreams: Hope in Global Capitalism and Its Critiques,' *Cultural Anthropology* 21 (2): 147-172.

'big swinging dicks' of contemporary finance. The piece takes as its starting point what might be considered to be an unlikely conjuncture: that of Von Neumann and Morgenstern's *Theory of Games and Economic Behavior* and Max Weber's *Protestant Ethic and the Spirit of Capitalism.*

The connecting idea is that of decision-making under uncertainty. In economics and finance, the phrase decision-making under uncertainty is inevitably connected to John Von Neumann and Oskar Morgenstern's *Theory of Games and Economic Behavior*. The impetus for their work was Von Neumann's interest in poker, especially bluffing, and their axiomization of expected utility laid the foundation for what becomes mathematical finance.

The other axis is that of Weber's *Protestant Ethic and the Spirit of Capitalism.* In much of the recent commentary on Weber, the focus has been on his treatment of rationality; Jurgen Habermas' *Theory of Communicative Action* is probably the most prominent example of this line of thinking. What is often overlooked is that, in Weber's account, the motivating force for the instrumental-rationalization of work is the uncertainty over predestination. The Calvinist believer cannot in principle know whether he will be saved, and it is his drive to make himself feel certain of God's grace in the face of existential uncertainty that leads him to become an ascetic capitalist. The Calvinist ethic is the first to directly confront uncertainty without the mitigation of ritual, magic, or good works, and in his comparative sociology of religion Weber would argue that Calvinism was historically unique in its embrace of uncertainty as a fundamental premise and structuring principle. Weber's breakthrough is to place uncertainty (not rationality) as the motivating force in the development of capitalism.

These issues come to a head in Von Neumann and Morgenstern's formalization of expected utility and utility maximization. Once Von Neumann and Morgenstern established necessary and sufficient conditions for a mathematical treatment of expected utility, there was considerable discussion about how to relate the axioms to 'rational' decision-making. Perhaps reflecting the poker origins of game theory, the 'semantics' for expected utility involved an agent choosing (i.e. betting) between lotteries with different outcomes, which would then allow for the construction of a ratio-scaled utility function for the agent. The original Von Neumann and Morgenstern treatment presented four axioms: completeness, transitivity, independence and continuity, and it was soon pointed out that there were special circumstances in which some of the axioms seemed to fail, especially when choices between extreme alternatives were involved – such as death, or losing all one's wealth or reputation. Thus, in the basic formalizations presupposed by the development of modern finance, we see an interwining of speculation (betting on lottery outcomes), managing risk (searching for optimal equilibrium strategies), and the inability of risk management to deal with existential uncertainty such as situations where one's life or reputation were at stake.

The analogies between poker and finance run even deeper, highlighting the speculative and gambling origins of contemporary finance. Game theoretic models of poker and mathematical finance both accept the basic Von-Neumann and Morgenstern postulates, and their practitioners use the notions of optimality and equilibrium to create idealized models of interaction to identify 'inefficiencies' (i.e. excessive bluffing, or the mis-pricing of an asset) that can be exploited. Yet in both cases, the construction of idealized static equilibrium models of optimal behavior presupposes the existence of dynamic social processes that can only appear as external 'inefficiencies' or 'deviancies'.

Another line of thinking about decision-making under uncertainty is that of Frank Knight. In *Risk, Uncertainty, and Profit*, Knight distinguishes between risk, which is measurable uncertainty, – that is to say, unknown outcomes for which there is a known distribution of outcomes, either via a priori calculation or statistical enumeration – and uncertainty, which involves unknown outcomes that lack such ex-ante probability distributions. Knight insisted that there was a qualitative difference between uncertainty and risk, and that utility maximization only applied to the latter, in which there were calculable probabilities, and not to the former, which included catastrophic non-insurable singularities and situations 'in which one's future (or his life) were at stake.'

The importance of Knightian uncertainty is that it expands the notion of decision-making under uncertainty beyond the confines of standard decision theoretic approaches coming from game theory and rational choice. In normal cases of strategic interaction (low limit poker, for example), utility maximization might be a good idealization of the psychological processes involved; but as the stakes rise and personal identification makes the instance into a singularity – how many times in one's life can one's life, career, or fortune be at stake? – the possibility of a qualitative break with the norms of strategic rationality and the axioms of expected utility increases. This qualitative transformation highlights the difference between Knightian uncertainty and standard approaches to decision-making; it pushes us into the realm of Weber's account of the existential crisis of the Calvinist believer, and even of Kierkegaard's leap of faith and the teleological suspension of the ethical.

Our proposal is to place the rise of purposive-instrumental rationality within the development of decision-making under uncertainty, which we will also expand to include an existential dimension. The latter links the strategic dimensions of purposive-instrumental calculation with the embodied sensibilities of the habitus, and work ('calling') becomes the crucial mediation. If we adopt Frank Knight's distinction between risk and uncertainty, the instrumental rationalization of work transforms the Knightian uncertainty of salvation into the manageable risks of economic activity. The ascetic Protestant ethic is, drawing on a distinction made by Jackson Lears, a 'culture of (self-) control' or risk management in the face of a 'culture of chance' or uncertainty. Most commentators on Weber's religious sociology emphasize the role of rationality in the rise of capitalism and thus focus on the culture of control, the means-end and instrumental rationality of work under capitalist production, thereby reinforcing the ideological downgrading of speculation and cultures of chance. Yet it is our contention that cultures of control and cultures of chance interact with each other, with each culture of control (i.e. risk management) creating an image of a culture of chance that lies outside of it (i.e. uncertainty), but which it depends upon for its very functioning.

Building upon Weber's insights, I would like to suggest that there has been an internal development within modern capitalism from its Protestant ascetic roots in a production-centered capitalism to a speculative 'ethic' embedded within a circulation-centered capitalism. The secularist impulse of modern capitalism creates a new set of ethical principles attuned to a contractual model of society. The retreat of religion from economy and politics opened the door for a utilitarian and instrumental rationality to become a lynchpin in the construction of a contract model of society. The ascension of the civil rights and human rights movements, coupled with identity-based politics, makes life-style differences an increasingly important area of political and social concern. This transforms the conversation about secularism from its earlier focus on the boundaries of religion to the question of how democratic societies should respond to the growing diversity of life-styles and conceptions of the good. Once secularism becomes disentangled from a (primarily Western) confrontation with religion, the question of how to organize society to respond to competing notions of the good arises in a form familiar to Euro-American social contract debates: what arrangement (of, for example, employment, health, and educational opportunities) would be *fair* to all the concerned parties? In other words, what would a just society look like? In 1971, on the ascending tide of these controversies and drawing directly from Von Neumann and Morgenstern, John Rawls published *A Theory of Justice*, which so captured the zeitgeist that it became a major force in policy discussions, and not solely within the academe. Appealing directly to our intuitions about justice and fairness, it combined notions of social contract, instrumental rationality (in the form of constrained utility maximization), decision-making under uncertainty, and the diversity of life plans and notions of the good.

Read in this light, John Rawls' *A Theory of Justice* becomes an articulation of an 'ethic of fairness' that 'generalizes and carries to a higher level of abstraction the familiar theory of the social contract' by introducing what he calls 'the original position.' This original position has two components: rational decision makers who choose the ethical principles for organizing society; and a 'veil of ignorance', which constrains decision makers by not letting them know what their position in society is, or what conception of the good they have. Under this condition of secular decision-making under uncertainty, Rawls says that rational persons would choose two principles of justice to organize the distribution of rights and obligations in modern society.

The second transformation that occurred in the seventies was the ascension of a finance-driven, circulation-centered capitalism. The collapse of the Bretton Woods agreement, the oil shock of the early seventies, and the rise of derivatives, portfolio theory, and junk bonds transformed finance into the cutting-edge of global capitalism. The fulcrum of profit and power shifted markedly away from the production of commodities toward the circulation of capital. In the sixty-year period from 1947, the finance sector grew from 2.5 per cent of the U.S. GDP to almost eight per cent. But by 2000, the finance sector's share of corporate profits passed that of manufacturing; in 2006, it was almost 30 per cent, while manufacturing comprised 20 per cent, and it is estimated to have recently reached 40 per cent. As any number of commentators has observed, there is an ongoing geopolitical reorganization of the global economy, with nations such as China, India, and Brazil producing more and more goods, while the United States and Europe increasingly specialize in the allocation and flow of capital. The key discoveries that lay the foundation for modern finance occurred in the fifties and sixties and became the cutting-edge of financial practice in the seventies and onwards. As related in Peter Bernstein's classics, *Capital Ideas* and *Against the Gods,* the linking of financial innovation and speculation transformed finance from a kind of sophisticated alchemy of hunches into a quantitatively driven engine of financial engineering; The advent of huge and expanding pools of mobile, nomadic, and opportunistic capital enabled a new breed of investors to speculate on short-term fluctuations in the prices of other assets.

The rise of what might be called the world view of modern finance begins with the axiomization of expected utility in Von Neumann and Morgenstern's *Theory of Games and Economic Behavior*. This work provides the foundation for Harry Markowitz's development of portfolio theory, which when augmented with a formal theory of arbitrage, would form the basis for the standard forms of asset valuation. Markowitz's key insight was to use the formalization of expected utility to construct portfolios of stocks that maximized expected return and minimized risk, given how much risk an investor was willing to take on. This 'thick' account of individual interest contrasted with the Rawlsian account, in which the veil of ignorance produced what might be called a 'thin' account of individual interest.The key development was the creation of what has been called 'risk-neutral' valuations; these are constructed by imposing a non-arbitrage condition on the market – that is to say, no asset can have two prices/values that would allow one to buy at the low price and sell at the higher one. The construction of risk-neutral valuations is at the heart of modern finance – efficient markets, value-at-risk, Capital Asset Pricing

Model, Black-Scholes options pricing – and the use of the non-arbitrage condition in contemporary risk management is so ubiquitous that it has been called 'the fundamental theorem of finance.'

The construction of this financial world view has involved two distinct moments of performativity. The first is the creation of a financial imaginary of the market in which individual performative acts of buying, selling, and promises (bets and contracts) are seen as instances of market activity. Building upon risk-return models derived directly from Von Neumann's axiomization of expected utility, asset prices are seen not as simply reflecting the value of individual companies, but rather as a set of complex inter-correlations (technically known as 'beta'), which are then seen as constituting 'the market'.

The second step has involved taking this 'market' model of asset pricing and then imposing a non-arbitrage condition in order to create the risk-neutral valuations that drive the mathematics of financial engineering and risk management. But arbitrage has a self-cancelling quality. As soon as an arbitrage opportunity arises, traders rush to take advantage of it and close the arbitrage opportunity. If a performative is an act that creates what it refers to or represents, then arbitrage is a kind of negative performativity that cancels the difference that it represents. The combination of performativity and negative performativity creates a picture of an efficient market governed by general equilibrium conditions. But the non-arbitrage condition is also that which creates a finance-internal view of the world in which the social appears as 'noise' or exploitable inefficiencies.[9]

The non-arbitrage condition allows the formulation of general equilibrium conditions for asset pricing and the identification of inefficiencies (i.e. mis-pricings) that can be exploited for profit. In an age when shareholder value has become the mantra of finance, low valuations are mis-pricings that indicate mis-management; management's goal is to increase shareholder value, which is directly reflected in share price and drives executive compensation. The risk-reward structure of portfolio valuation is now also a part of compensation policies, which rely upon the standard forms of asset valuation (such as CAPM for stocks or the Black-Scholes equations for options), and thereby link what at first appear to be only formal and idealized models and valuations with the nature of work itself. Indeed, as Karen Ho points out in her ethnographic account of investment banks, shareholder value and efficiency intertwine to form the

[9] Traders often speak of arbitrage as a free gift; Derrida's analysis of the gift also imbues it with a self-cancelling performativity. In the Christian tradition, the ultimate gift is that of God's grace, the motivation for which in the Calvinist ethic is unknowable and beyond human understanding and calculation. The performativity of ritual, covenant, and contract tracks Weber's move from Catholicism to Calvinism to modern capitalism, and suggests that there is an existential dimension to decision-making under uncertainty that is not captured by game theoretic approaches, but lies at the heart of the origins of modern capitalism.

fundamental world view of contemporary finance. At the same time, their inculcation in corporate training and their role in compensation creates an ethos of short-term risk-taking and speculation, as indicated by the rise of a trading ethos in CEO ranks of investment banks. The repeated mantra in compensation negotiations is that they must be fair; the problem is to balance risk and return, while also taking into consideration those parts of the company which may supply services necessary for trading (the 'backroom'), but which are not responsible for actual investment decisions.

What these two transformations – the rise of fairness and finance – have in common is that they both occur in a secularizing environment in which a fully contractual model of social relations becomes increasingly dominant. Paraphrasing Weber, we might say that the performativity of contract has replaced other modalities of sociality, such as that of ritual in the Catholic community or covenant among Calvinists. The notion of contract has been expanding along two fronts: as a model for society and as a model of economic relations. This notion of the contract looks in two directions simultaneously: one focuses on how we can use a contractual format to acquire wealth, power, security, and autonomy; the other on legitimating tenets that attach these relations to the common good. A look at the discourses that surround the notion of the contract underscores the fact that both models are subsumed under a secular ethic of fairness, which serves as the main principle of legitimation through its attachment to the social good. The rise of what we will call a 'speculative ethos' links a secular model of decision-making under uncertainty with its counterparts in modern finance. Yet, as in Weber's Protestant ethic, work is the point where status, motivation, and identity meet, even as the ideology of efficient markets and shareholder value ties compensation to success in taking risks and speculating.

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Notes on the Anthropology of Gender in Finance

Melissa S. Fisher, New York University

Anthropological interest in finance has been growing for the past several decades, as the globalization of the economy, speculative stock markets, and new technologies increasingly occupy the minds of financiers, journalists, and social scientists alike. Few anthropologists, however, have focused on the *gendered* subjects, practices, and effects of global finance. During the past decade, particularly in the wake of the 2008 financial crisis, this situation has begun to change. Several anthropologists, including myself, have produced fine-grained ethnographic accounts of the gendered norms of Wall Street. In this sense, anthropologists have considered market actors, such as investment bankers, who have availed themselves of wealth making opportunities. And feminist anthropologists interested in poverty, particularly among women in developing countries, have drawn attention to microfinance and gender. They have attended to the role of gender in neoliberal development institutions, such as the World Bank, in which the poor, mainly women, are increasingly viewed as the subjects of financial opportunities. But few, if any, anthropologists have fully linked the gendering of finance ethnographically, in what Chandra Mohanty has described as the 'One Third' and 'Two Third' worlds. Rather, anthropologists tend to situate their ethnographic work on gender and finance in one of these two arenas: global capitalist financial spaces, or postcolonial regions. In a different but arguably related divide, few directly connect intimate and global financial spheres, so we know relatively little about how the 'private', feminized domains of family, debt, and caring fit within the apparatus and technologies of finance.

This essay reflects upon what the anthropology of gender and finance is, and what it might become: which themes, subjects, and actors can we identify to be its present focus? Is there a dominant research method? And what are some of the important issues, theories, and methods that are currently under-explored? My intention is not to engage in a complete overview of existing work within the anthropology of finance (see Maurer 2013). Nor is my purpose to consider all the scholarship belonging to the interdisciplinary field of gender and finance (De Geode 2005; Griffin 2009; McDowell 1997; Prugl 2012; Sassen 1996). This piece also sets aside important work in feminist business history, sociology, and economics (Blair-Loy 2003; Kwolek-Folland 1994; Nelson 2012). Although anthropological studies are in conversation with these various bodies of scholarship, I draw attention to and build upon recent, innovative work within the discipline to signal possible new frontiers of research

Anthropology's most significant contribution to the study of gender and finance is its signature methodology, ethnography. Anthropologists (and sociologists), as Bill Maurer (2013) points out in his recent overview of the anthropology of finance, 'have produced pioneering ethnographies of financial markets, often involving participant observation on the trading floor as well as in corporate offices.' An important subset of this research focuses on the gendering of elite financial subjects, practices and networks on Wall Street and the City of London (Fisher 2012; Ho 2009; Zaloom 2006). These works reveal a variety of performances of gender in finance and their relationship to the production of gendered spaces on Wall Street. For example, Karen Ho, in her ethnographic study of Wall Street, illuminates the spatial segregation within firms. 'Front office' workers – mainly elite male investment bankers – are the most valued employees because the company understands that they generate revenue. 'Back office' support staff, composed of people from middle and working-class backgrounds, with an over-representation of people of color and women, are far less prestigious (Ho 2009: 78-9). Caitlin Zaloom, in her study of traders, shows how masculine, aggressive risk-taking is crucial to the social and spatial constitution of the marketplace (Zaloom 2003). Such risk-taking traditionally reaps reward – in money, status, and the construction of a masculine self (Zaloom 2006: 93). Ethnographic studies of the financial industry in NYC, Chicago and London thus reveal the ways the institutions and buildings in global financial cities – Wall Street investment firms, the Chicago Board, and merchant banks in London – were and continue to be gendered spaces in which (mainly) men perform hyper masculine performances, part of the male drama of capital that constructs women as inferior, 'other,' or 'invisible' (McDowell 1997: Zaloom 2006; Fisher 2010). Women's entry onto Wall Street has made that gendering much more visible (Fisher 2012).

Such works provide insight into the gendering of finance. However, ethnographers have not yet examined financiers' lives 'outside' the workplace – for example, their family dynamics, civic obligations, and participation in social movements – and how they affect and are affected by financial practices. My book, a historical ethnography of the first generation of women to build professional careers on Wall Street, begins to fill some of these lacunae. I argue that over time the women enacted 'market feminism', incorporating tenets of American liberal feminism such as equal rights into Wall Street institutions, practices, and the global marketplace. As such my book opens a new vista on anthropological studies of finance, contextualizing the first generation of Wall Street women's experiences, and expertise both within the gendered world of financial markets and the workplace, and also outside that world in the feminist movement that created the very possibility for the women to enter high finance in the first place (Fisher 2012). But questions of work-life balance, intimate economies, and sexuality, for example, remain fertile areas of research (Blair-Loy 2003; Wilson 2004).

Anthropologists are also looking at finance in everyday life – primarily in developing countries. During the past decade, particularly in the wake of the 2008 financial crisis, gender and poverty have become increasingly linked. Global institutions – the United Nations, the World Bank and Goldman Sachs' 10,000 Women Project – have taken on the mantle of ending poverty, particularly amongst women in developing countries. In response, a small but growing number of anthropologists have conducted ethnographic studies of neoliberalism, microfinance, and gender (Elyachar 2005; Karim 2011). As Lamia Karim (2011: xiii) explains in her ethnographic study sited in Bangladesh, the term *microfinance* 'refers to a broad range of financial services to the poor such as credit, savings, insurance, and pensions'. Initially presenting itself as a social justice project, it is now a financial industry that views poverty as a new realm of profit and accumulation (Roy 2012: 105). Microfinance actors and institutions thus publicize the 'empowerment' of 'third world' women who take on micro-loans (Karim 2011). Ethnographies contrast this idealistic view with portraits of the often detrimental effects of microfinance on the lives of women. Indeed, as Julia Elyachar documents in her ethnographic study of micro-lending in Egypt, such practices can produce new forms of discipline on poor borrowers, since they can be imprisoned for failure to pay (Elyacher 2005).

It is important to look at these two bodies of work next to each other. Those studying gender in global finance unpack the cultural work by which financiers produce the apparent separation between the economic system, on the one hand, and gender and society, on the other (De Goede 2005). Those engaged in the study of gender, development, and microfinance, illuminate the devastating effects of such financial practices and tools. Collectively, then, they reveal the often enormous gap between the worldviews and actions of a wide range of financers and the effect their financial practices have on everyday people's lives, both within and outside the United States (Ho 2009; Karim 2011). In her work on global finance, Karen Ho, for example, focuses on the relationship between the values and actions of investment banks, the corresponding restructuring of U.S. corporations, and the construction of markets, specifically financial markets booms and busts (Ho 2006: 4). She shows how the severe dislocations social scientists of global capitalism write about – the dismantling of governmental safety nets; the wave of corporate restructuring and massive layoffs; the growing disparity between the wealth and poor – are, as she argues, 'actualized' or carried out by Wall Street actors (Ho 2006: 4). Her work relies largely upon the anthropological (and sociological) literature on the corrosive effects of global capitalism: for example, the impact of corporate downsizing on middle class managers and their family life in the United States (Newman 1989). So (understandably, given the scope of her study), she does not pursue an analytics of financial practices in the sense of ethnographically tracking deal making, corporate restructuring, or the lives and livelihood of those impacted by mergers and acquisitions or downsizing. Among studies of microfinance and other finance in everyday life, Karim's work centers on the negative consequences of microfinance on poor, rural women's lives in, in her case, Bangladesh. She addresses the gap between what is known about microfinance institutions from their sponsored research and public events, and their actual practices on the ground (Karim 2011: xiv). Her work moves us far in the direction of connecting the worldview of financiers and their impact of people's everyday lives. Yet her analysis relies (again, understandably, given the scope of her work) on the documents and public events of microfinance institutions rather than, or in addition to, in-depth fieldwork conducted within such firms.

Thus there is an opportunity for anthropologists of finance to ethnographically explore relationships between the gendered values and practices of market actors, the making of new forms of market rule, and the work-family lives of the recipients of old and new forms of financial practices. In particular, anthropologists are well placed to explore financiers and the impact of financialization on a wide range of recipients of various genders and sexualities: not only poor rural female recipients of microfinance loans, but also, for example, women of color in the United States dealing with the foreclosure of their homes; LGBT graduate students coping with staggering student debt; and families strategizing to use a range of governmental and non-governmental services (e.g. unemployment benefits; loans) to survive financially. Indeed, as feminist literary scholar Rebecca Stern points out in her work on the impact of fraud on Victorian domestic life, far from being isolated havens from public and private finance, homes are sites of purchase and exchange (Stern 2008: 6). And in the contemporary era, inside the walls of homes, families manage childcare, use credit cards to buy furniture, and take on mortgages to finance homes. Individual family members may interact with debt collectors, accountants, and/or loan officers working in institutions advertised directly toward 'people with bad credit' (see Peebles 2010 for a review of the anthropology of debt and credit).

Anthropology may then be uniquely suited to study the gendered life of finance. In the shift from single to multi-sited fieldwork, anthropologists can and do engage in participation observation that crosses dichotomies like 'global cities' and 'postcolonial regions', 'the domestic sphere' and 'global markets' (Marcus 1995). Multi-sited ethnography thus provides the means to study a nexus of situated and gendered global ideas, institutions, actors and practices that financial projects draw together. Anthropologists can stay close to heterogeneous gendered practices of finance, practices that do not fall tidily into the North and South divide.

This essay has just begun to scratch the surface of what the anthropology of gender in finance might be. While pointing in some important directions for the future, it has not provided a complete overview of possible research sites, themes, and issues. There is, for example, new financial territory to be understood in terms of gender: for example, gendered subjects and relations in emerging centers of global finance such as Singapore and Dubai. Indeed, the anthropology of gender in finance is not, nor should it be, a cohesive research program with a particular set of theories and intents. Instead, it should continue to build upon the analytics and methods of the discipline, as well as engage in interdisciplinary research. Given the increased interest – within and outside of contemporary scholarship – in the disparity between the wealthy and the poor and concerns with gender inequality, anthropological studies of gender, class, race, nationality, ethnicity, and sexuality in these sites are perhaps more necessary than ever.

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