Banking Across Boundaries: Placing Finance in Capitalism

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Banking Across Boundaries: Placing Finance in Capitalism


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Few emblems of the 2008 financial crisis better capture the imagined geography of contemporary banking than Taibbi’s (2009, 83–111) “great vampire squid” with its globalized tentacles and transnational “blood funnel” siphoning value from “anything that smells like money.” Operating in the background of Taibbi’s monstrous financial geography is the puzzle at the center of the history Brett Christophers unfolds in Banking Across Boundaries. How can Goldman, Citi, and their bulge-bracket counterparts be so widely depicted as unproductive bloodsuckers, yet continue to “originate and distribute,” “innovate” and speculate across borders with impunity? From the early-modern era through to the International Monetary Fund’s recent flirtation with capital controls, Christophers demonstrates that the recent discordance between spatial practices and ideas about finance is not unique in the history of banking. Indeed, Banking Across Boundaries is a genealogy of the alignments, as well as the dis- and misalignments, between dominant representations of banking and the actually existing material geographies of banking. What Christophers uncovers is a recursive relationship between Western capitalism’s “boundary forms”: a coconstitutive back-and-forth between the boundaries that separate states, and the lines we draw with models and metaphors between “productive” and “unproductive” economic activity. The result of Banking Across Boundaries’s blend of political economy, social studies of finance, and geography is a reinterpretation of financial history that is both insightful and provocative. Here I take some of these insights and provocations, and extrapolate and question them to see where Christophers might be taking financial geography.

Although it might not have been Christophers’s primary intent, Banking Across Boundaries is one of the best explorations of the historical contingency of performativity in geography and cultural political economy. Like much work on finance influenced by science and technology studies, this volume is an inquiry into the materiality of economic ideas. What differentiates this work from the crowd, aside from its geographical emphasis, is its attention to how the relationship between a particular idea—productiveness—and a particular practice—transnational banking—changes over several stages of capitalist development. The result is a dynamic, time-series juxtaposition of discourses on the productiveness of banks alongside various indicators of the banking industry’s transnationality. The pattern that emerges is a variegated sequence of alignments and misalignments. In one moment, the “unproductive” is enclosed, the activities of “usurious” or “parasitic” banks corralled and territorially bounded; in the next, the activities of discursively recuperated, “productive” financial institutions overflow their jurisdictional containers and flood the world with liquidity. But, for Christophers, the discursive recuperation (or derogation) of banking is never just about metaphors, calculations, and other market devices. He is careful to avoid overestimating “the own agency” of calculative devices. In Banking Across Boundaries, the performative power of calculative devices is never separated from the political and
historical contexts in which they are produced. Banking is both about how devices produce but also how they are politically and geographically produced. Performativity, weak or strong, is always a contingent event.

Christophers’s treatment of financial intermediation services indirectly measured (FISIM) is perhaps the best example of how Banking Across Boundaries embeds the agency of market devices within a broader political economy and makes the performative assumption. FISIM is a calculative technique introduced in the early 1990s that made the contribution of banking to national income a tangible object that could be counted, tracked, managed, and compared across nations. In so doing, it legitimated a hard-won conceptual gerrymander that brought the formerly "unproductive" intermediation activities of banks within the boundaries of the "productive" by redefining the value-added of banking as the "service" of risk assumption. This objectification of banks' productiveness—FISIM's performative moment—however, is meaningless unless positioned within the centuries-long debate about the productiveness, morality, and contribution of financial intermediaries to the wealth of nations. With the historical and political perspective Banking Across Boundaries provides, any agency attributable to FISIM in shifting boundaries, or facilitating their crossing, is tempered by a long history of struggle over access to markets, crises of accumulation, and academic cum ideological debates about national income accounting.

Christophers’s treatment of these “conjunctural assemblages” of ideology, politics, financial calculation, discourse, and so on, is also notable for the priority it gives to geography. In Banking Across Boundaries, geography is both shaped by economic ideas and the shaper of economic ideas. In other words, Christophers is interested in exploring more than just the assemblage’s geographical manifestations: how economic ideas have broken down trade barriers, redefined the cross-border activities of banks, or otherwise shaped and reshaped the spatiality of financial relations. Causation is not a one-way process where geography is a passive surface to be read for underlying changes in financial relations or discourse effects. Such coconstitution is implicitly assumed in most financial geography, but this book is especially bold in the claims it makes about the implications of the financial effects of geography for understanding and interpreting contemporary financial phenomena, and, especially, the process of financialization. For giving geography the pride of place it deserves in the etiology of financial ideas and practices, Christophers must be praised. But it is also in the book’s final section (Part III), where the most emphasis is placed on coconstitution, that it is its most contentious, challenging a collection of established accounts of the “Age of Financialization.”

In the final chapter of Banking Across Boundaries, Christophers argues that many of the statistical indicators of financialization, which have become almost synonymous with the phenomenon itself, are “geographically anemic.” The consequence of this geographical anemia, according to Christophers, is the widespread overinterpretation of rising financial profit shares (expressed in various ways). Christophers contends that the apparent financial bias of Anglo-American capitalism over the last three decades is less evidence of a seismic transformation of capitalist accumulation or in the productiveness of financial institutions than it is a simple artifact of the internationalization of Anglo-American banking operations. Put simply, the profits of Western financial institutions have grown as the territory over which they collect tribute has expanded across borders into new markets. As the author points out, this omitted geographical “variable” cannot easily be incorporated into extant accounts of financialization without fundamentally challenging the work of many scholars.

Particularly problematic for Christophers is the work of LiPuma and Lee, and Marazzi, who infer “from the putative financialization trend a series of wider conclusions about the place of banking and finance within basic classificatory schema of ‘productive’ and ‘unproductive’ capitals” (p. 238). Although Christophers is right to criticize the equation of profitability with productiveness, Banking Across Boundaries oversimplifies the intersection of productiveness and financialization in the work of these authors, and in so doing discounts the contributions their work might make to a geographically informed account of finance’s role in contemporary capitalism.

In The Violence of Financial Capitalism, Marazzi (2011) contended that financialization is “the form of capital accumulation symmetrical with new processes of value production” (cited in Christophers, p. 238). In making this contention, however, Marazzi was not arguing, as Christophers suggests, that it is “inconceivable” that increasingly profitable financial “institutions can continue to be considered … unproductive of wealth” (p. 238). Rather, Marazzi was grappling with transformations in the valorization process that have blurred traditional distinctions between spaces of production and other moments in the relational unity Marx ([1857] 1973) described in his “1857 Introduction” to the Grundrisse (distribution, consumption, distribution, and exchange). Marazzi was interested
in better understanding the ways in which finance has become tied up with the extension of real subsumption beyond the “factory gate” and into the “social factory.” This is a project to which financial geographers have much to contribute, and should not dismiss despite its inattention to the internationalization of Anglo-American financial income streams.

Christophers also critiques LiPuma and Lee (2005) for suggesting that what they call the “rise of circulation” has made finance productive of value. Here I think that Christophers exaggerates the connection these authors make between financialization and productiveness. LiPuma and Lee did not make use of the term financialization in their work on the derivative, which is primarily concerned with the relational impacts of commodifying abstract risk. What the authors contended is that the derivative, by enabling the commodification of abstract risk, allows capitalist social relations to be mediated and shaped by abstract risk rather than, or in addition to, abstract labor-time. Because this new form of social mediation emerges from the sphere of circulation, it obeys a logic that is to some degree autonomous of production. As a result, the derivative, according to LiPuma and Lee, has transformed the fundamental nature of the relationship between circulation and production. The empirical manifestations of the derivative’s redefinition of “the production and possibilities of value itself” (p. 238) are far from geographically anemic. Indeed, according to LiPuma and Lee, it was the search for a spatial fix and the globalization of production that created the conditions of possibility for the “rise of circulation” and the commodification of abstract risk.

Christophers has produced what is sure to be one of the most widely read books generated by the still-developing subfield of financial geography. Banking Across Boundaries leaves no doubt about the centrality of geography to past debates and present anxieties about the role of finance and banking in “the economy.” The questions that this work poses about value, productiveness, and their intersections with spatial practices are sure to animate debates in financial geography for years to come.

References