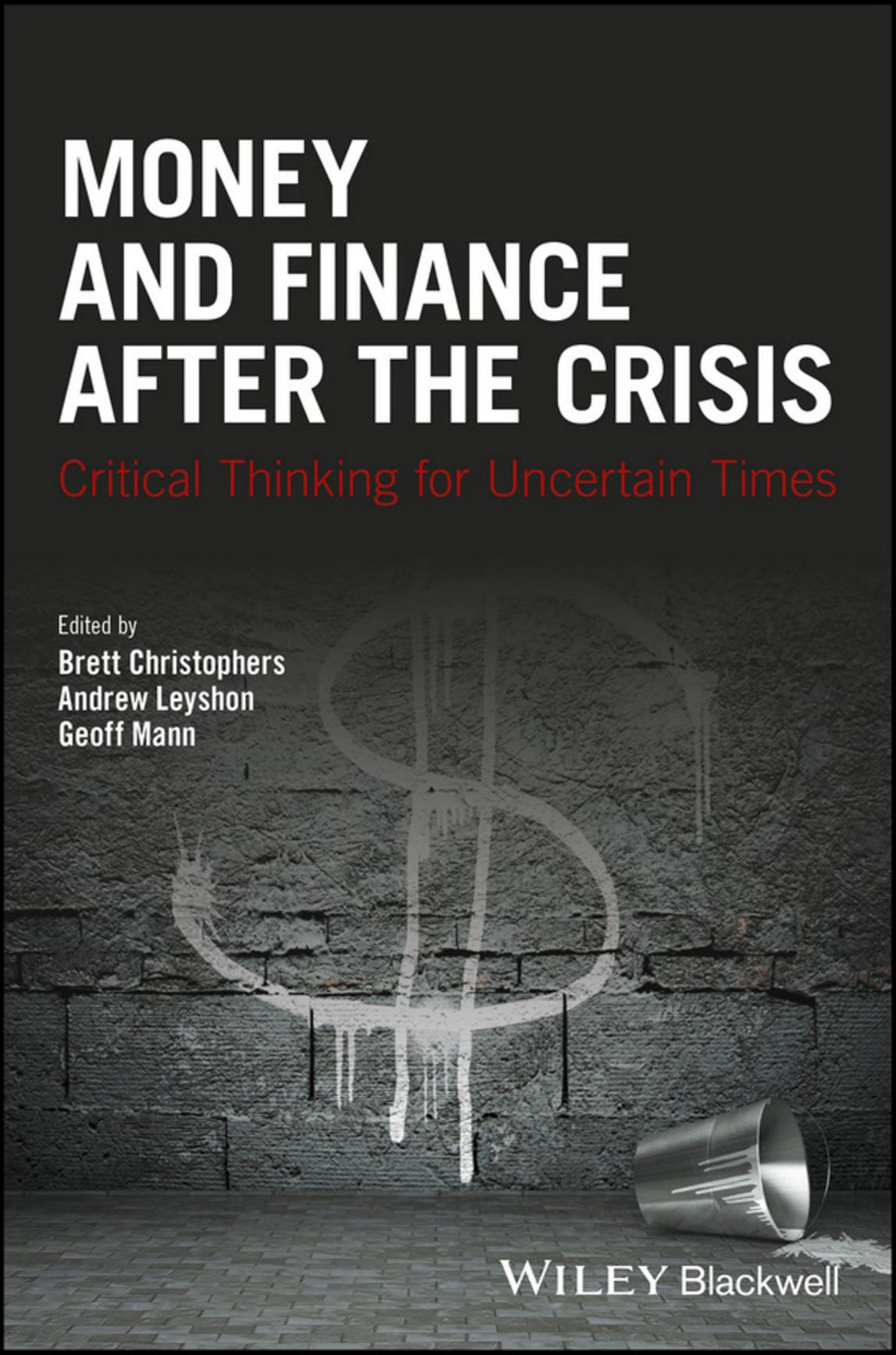


MONEY AND FINANCE AFTER THE CRISIS

Critical Thinking for Uncertain Times

Edited by

Brett Christophers
Andrew Leyshon
Geoff Mann



WILEY Blackwell

Money and Finance After the Crisis

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This edition first published 2017
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Registered Office(s)

John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, USA
John Wiley & Sons Ltd, The Atrium, Southern Gate, Chichester, West Sussex, PO19 8SQ, UK

Editorial Office

9600 Garsington Road, Oxford, OX4 2DQ, UK

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Library of Congress Cataloging-in-Publication Data

Names: Christophers, Brett, 1971– editor. | Leyshon, Andrew, editor. | Mann, Geoff, editor.

Title: Money and finance after the crisis : critical thinking for uncertain times /

[edited by] Brett Christophers, Andrew Leyshon, Geoff Mann.

Other titles: Antipode book series.

Description: First edition. | Hoboken, NJ : John Wiley & Sons, 2017. |

Series: Antipode book series | Includes index.

Identifiers: LCCN 2017009013 (print) | LCCN 2017013973 (ebook) |

ISBN 9781119051428 (cloth) | ISBN 9781119051435 (pbk.) |

ISBN 9781119051404 (pdf) | ISBN 9781119051398 (epub)

Subjects: LCSH: Global Financial Crisis, 2008-2009. | Banks and banking. |

Economic history—21st century.

Classification: LCC HB3717 2008 .M674 2017 (ebook) | LCC HB3717 2008 (print) |

DDC 332–dc23

LC record available at <https://lccn.loc.gov/2017013973>

Cover Image: © leszekglasner/Gettyimages

Cover Design: Wiley

Set in 10.5/12.5pt Sabon by SPi Global, Pondicherry, India

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Series Editors' Preface

The *Antipode Book Series* explores radical geography 'antipodally,' in opposition, from various margins, limits or borderlands.

Antipode books provide insight 'from elsewhere', across boundaries rarely transgressed, with internationalist ambition and located insight; they diagnose grounded critique emerging from particular contradictory social relations in order to sharpen the stakes and broaden public awareness. An *Antipode* book might revise scholarly debates by pushing at disciplinary boundaries, or by showing what happens to a problem as it moves or changes. It might investigate entanglements of power and struggle in particular sites, but with lessons that travel with surprising echoes elsewhere.

Antipode books will be theoretically bold and empirically rich, written in lively, accessible prose that does not sacrifice clarity at the altar of sophistication. We seek books from within and beyond the discipline of geography that deploy geographical critique in order to understand and transform our fractured world.

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Money and Finance After the Crisis

Taking Critical Stock

Brett Christophers, Andrew Leyshon
and Geoff Mann

Introduction

This is not another book about the financial crisis, or not exactly. It is, rather, a multidisciplinary collection of essays that dwell on the geographies of money and finance unfolding in its wake – the dynamic and sometimes volatile post-crisis financial and monetary worlds we inhabit. Indeed, the accounts of these geographies are perhaps best thought of as ‘worldings’: like the crisis itself, the contributions touch upon an extraordinary range of contemporary lifeworlds and social formations, including not only the complexities of modern debt-driven financial markets, but also their fascinating and unexpected connections to (for example) post-Apartheid South Africa, the ‘War on Terror’ and biodiversity conservation. They reveal, if we did not already know it, that there is neither a universal experience of the current situation, nor a single ‘correct’ analysis, nor is there any ‘representative’ agent, place or scale that captures its dynamics. The breadth and complexity of our monetary-financial conjuncture demands that we assemble a collection of a breadth and specificity adequate to it.

In addition to the benefits of the range of insights these chapters offer into the processes of financialization and the practices and imaginaries through which it proceeds, bringing them together in one collection illuminates dynamics and questions that would be much less visible without their juxtaposition. One of the most important of these, perhaps,

concerns the status of the concept of ‘crisis’ itself. For it seems fair to say that in the serial nature of ‘the’ crisis – which in the simplest sense began in 2007–2008 in a specific set of asset markets in the United States, but has since continually rolled over into other markets, places, and realms of financialized modernity – the term ‘crisis’ has lost some purchase. This is not a merely ‘academic’ problem, and not only because such conditions make it very difficult to determine how, exactly, the financial crisis was made manifest: was it a crisis of the financial sector? Or of the state? Or capitalism? Perhaps neoliberalism? What about money or monetary governance? Or (almost certainly) some combination thereof? We must also consider the fact that if seemingly everything monetary or financial (and much else besides) appears to be always ‘in crisis’, or to sit permanently on the edge of a precipice, how much analytical help is the concept of ‘crisis’ anymore? In an historical moment we might be forgiven for confusing with Walter Benjamin’s permanent state of emergency, it is the concept of ‘crisis’ that is in crisis. The ‘beginnings’ and ‘ends’ of crises are relative, not absolute; the solution of a crisis for some often means it has been passed on in a repackaged and repurposed form for others to bear (Christophers 2015a).

If so, the problem we confront is not simply terminological, but existential. The challenge is not just finding another category that can help us rearrange the conceptual bits and pieces. Even if we pretend that the time before the collapse of subprime mortgage-backed securities markets and the bankruptcy of the New York investment bank Lehman Brothers – two of the most commonly-identified ‘beginnings’ of the crisis – was somehow an untroubled era of normality (which would of course be absurd), we are forced to acknowledge that the monetary and financial geographies produced since then are not accurately described as ‘post-crisis’ geographies, as if ‘the’ crisis happened, ended, and now we live in its ‘aftermath’. We do not inhabit ‘post-crisis geographies’, but ‘crisis geographies’ – spaces, places, imaginaries and practices – that have been and continue to be constituted in and by crisis.

Which means not only is it no longer necessarily possible to analytically isolate or recognize ‘crises’ by the specificity of their dynamics – which would rely on an old model in which crisis is by definition identifiable as an exception to ‘normality’ – but also that one of the key categories through which we narrate modernity has lost much of its concrete reference (Kosselleck 2006). In other words, if ‘crisis’ is both foreground and background, how do we identify it when we see it? If capitalism is defined by its tendency to crises, what does it mean when crises are no longer just tendential, but endemic, even constitutive?

The challenges these questions place before us cannot be dismissed, and as such they merge the analytical problems with the existential.

Money and finance are no longer ‘containable’ to their proper spheres, if they ever were. They are, today, some of the principal means by which ‘crisis’ becomes remarkably unremarkable, normal even, because immanent to both money and finance is a contradictory sense of possibility, one that always carries a potential ‘solution’ and a ‘dissolution’ to the future. In Kurt Vonnegut’s *God Bless You, Mr. Rosewater* (1965, p. 171), a character defines money as ‘dehydrated utopia’, which in some respects it certainly is. But it is also, no less certainly, dehydrated disorder; a little bit of rain and it is apparently as likely to precipitate calamity as it is utopia – and it does so in geographically and historically specific ways. What can scholarship contribute at such a conjuncture? In some ways, it is as simple as keeping one’s feet on the ground – in the world – at a moment when the temptation to exercise analytical control leads so many to unmoored abstraction. As the poet Anne Carson (2016, p. 4) put it, with precisely these challenges in mind, ‘What can you control? Wrong question. Can you treat everything as an emergency without losing the reality of time, which continues to drip, laughtear by laughtear?’

The chapters in this book attempt something like this: to approach the (post-) crisis world as a collection of emergencies without losing the reality of time – *and* space. They illuminate the complex and often unpredictable variations on a monetary and financial theme, from the realms of orthodox finance capital to biodiversity conservation. The chapters were all written several years after the moment of 2007–2008, and draw attention to the significance of thinking about money and finance geographically, especially given that the roots of the crisis took hold in distinctive and interlinked geographies. These ranged from the global financial centres of New York and London, wherein financial innovation and alchemy was applied to ever more complex and interlayered financial products, through the surplus economies of Asia and the Middle East that provided the financial boom that preceded the crash with so much momentum and financial weight, to the everyday markets that shape, to no small extent, both the financial realm of investment and debt opportunities, and the vagaries of our collective and individual fortunes.

The remainder of this introductory chapter is organized as follows. In the section ‘The Crisis and the Academy: “I told you so”’ we explore the relationship between academic work and the financial crisis, focusing in particular on the constitutive role played by the discipline of economics in justifying the reregulation of markets and institutions that preceded the crisis, but also on the response to the crisis in that discipline and in cognate social sciences. Next, in ‘The Crisis, the State and Regulation: “What have I done?”’ we focus on the role of states, policy makers and regulators in the period preceding and following the crisis. ‘The Crisis

and the Financial Sector: “What shall we do now?” looks at the implications of the crisis for the financial services sector. The final section, ‘The Content of the Book’, provides a summary of the chapters that make up the rest of this volume.

The Crisis and the Academy: ‘I told you so’

The political-economic upheaval that began in 2007–2008 has, in the years since, fundamentally reshaped research trajectories across the social sciences. For mainstream economics the implications are, of course, potentially soul-shattering, what Mirowski (2010; 2013) labels the ‘Great Mortification’. Even those who still refuse to abandon the fortress of orthodoxy that defended the forces of financial chaos enjoy little peace, compelled as they have been to pull up the drawbridge and self-righteously repel wave after wave of critique from fellow-economists and non-economists alike (e.g., Lucas 2009). But the new ‘economic reality’ has effected significant, if less existential, changes in other social sciences too (as well as in the humanities, though that is not our focus here). In this, the extraordinary scholarly breadth of its impacts, the first major capitalist crisis of the twenty-first century is quite different than the Great Depression of the 1930s or the collapse of the post-World War II ‘Long Boom’ in the 1970s.

Of course, both those moments were important objects of scholarly analysis, and contemporary interest certainly extended beyond the halls of economics departments. Poverty, unemployment, homelessness, the relation between the state and markets – all of this was, unsurprisingly, on everyone’s radar. But – to borrow a phrase from one of the most celebrated of orthodox economics’ recent apologias (Reinhart and Rogoff 2009) – on the wide scholarly front, this time *is* different, in one crucial sense: never before have so many non-economists delved so deeply into the ‘technical’ details of modern (capitalist) economic science, policy and practice. Social scientists of all stripes have found the formerly impenetrable and even uninteresting fortress of economics and finance irresistible and, if not captured it, have certainly gathered a lot of intelligence about the goings on inside the walls. Geographers, anthropologists, sociologists, psychologists, historians, political scientists – all have in the last less-than-a-decade, written, often wisely and compellingly, on such once-esoteric subjects as mortgage securitization (Walks and Clifford 2015), credit risk (Ashton 2011), and investment strategy (Hansen 2015). Topics that might once have anaesthetized most non-economists, like the yield curve and accounting practices, have (justifiably) become hot topics (Christophers 2017; Joseph 2014;

Zaloom 2009). Economics and ‘finance’ in particular, are now, more than ever, more than economic.

It must be said that this explosion in scholarship – especially in its so-called ‘critical’ variety – is partly caught up in a somewhat irrepressible *Schadenfreude*. Almost every scholar outside orthodox ‘neo-classical’ economics has secretly (or not so secretly) enjoyed the crisis in the self-described ‘queen of the social sciences’ (Samuelson 1973, p. 6). Many, heterodox economists in particular, have understandably been unable to suppress the urge to say ‘I told you so’ (Wolff 2010; Taylor 2010; Mirowski 2013). But that is hardly the entirety of the non-mainstream contribution. Scholars across a variety of social science disciplines have discovered they actually have much to say about finance, and with economics’ common sense seemingly proven so wrong by the continued unravelling of the global economy via financial meltdown, now they have an audience. This multidisciplinary project of unpacking money and finance has generated fascinating and crucial insight. While not suggesting that there are no pre-crisis foundations upon which to begin, one might even say it has shifted how we understand modernity, locating money and finance – social relations like valuation, debt-credit, and securitization – much nearer the centre of our conceptual consciousness.

If, for convenience’s sake, we mark the full-blown implosion of the global financial system with Lehman Brothers’ bankruptcy on 15 September 2008, we can retrospectively identify a few different developments in post-Lehman scholarship on money and finance. Of course, no such account can be comprehensive, if for no other reason than the dynamic and diverse forms ‘crisis’ is deemed to have taken in the intervening years, from ‘subprime’ to ‘credit crunch’ to ‘sovereign debt’ to ‘Eurozone’ to ‘emerging markets’, among others. Any path we try to map will always leave something out, suggesting a coherence within what is in fact a broad collection of many more-or-less related efforts we can only trace at a general scale. One of these scholarly dynamics, of course, is mostly internal to orthodox economics, in which ‘progressive’ forces batter away at a still-hegemonic old guard, while a ‘reasonable’ middle ground tries to mediate. A second is in what the American Economic Association (AEA) calls the ‘allied social sciences’, i.e., largely heterodox and radical economics and political economy, economic geography, economic sociology and political science. We can see a third dynamic in the more emphatically ‘humanistic’ cultural economy research in human geography broadly defined, anthropology, sociology, cultural studies and political and social theory. Again, however, all these developments impact each other, so telling a story that is too organized or clear would be a misrepresentation.

Perhaps the only thing we can know for certain is that the debates in economics have much more in common with those in ‘allied’ fields of knowledge, while these ‘allies’ tend to be in closer conversation with fields outside economics proper than orthodox economics itself, which generally isolates itself as much as possible, and dismisses critique from outside. This has only exacerbated one of the more fascinating scholarly effects of the crisis. For if Lehman’s disintegration signals the bursting of the asset bubble that had inflated over the preceding quarter century at the heart of the richest economies on the planet, 2008 also marks the shattering of economics’ disciplinary ego at its most distended. The burgeoning hubris of orthodox macroeconomics during the so-called Great Moderation of the 1990s and first half of the 2000s, hardly bothered by the Asian financial crisis of the late 1990s and the dot.com crash of the early 2000s (the rapid ‘resolution’ of which merely increased the mainstream’s confidence), led to historically unprecedented self-congratulation (Fourcade, Ollion and Algan 2015). Sharpened by the rational expectations ‘revolution’ and a ‘new neoclassical synthesis’ captured in dynamic-stochastic general equilibrium models, macroeconomics declared itself virtually complete. Nobel-winner Robert Lucas, a key contributor to these technical developments, announced in his 2003 Presidential Address to the AEA that ‘the central problem of depression prevention has been solved, for all practical purposes, and has in fact been solved for many decades’ (Lucas 2003, p. 1). Four years later, itemizing mainstream economics’ ‘tremendous advances in knowledge’ on the very eve of calamity, Harvard’s Benjamin Friedman (2007, pp. 49–50) spoke to his colleagues of a ‘well-earned complacency’, since the ‘past quarter-century has been about as good a run, at least in aggregate dimensions, as one is likely to get’.

Let us just say these declarations proved premature, and turn our attention to the unavoidably existential disciplinary implications that might follow a fall from such confident heights. Although it is simply not possible to do justice to the range of debates that have occupied economics since 2008, even if we narrow our focus to the subfields of macroeconomics, monetary or financial economics, one notable – and crucial – feature is the way in which the debate among economists has been almost entirely confined to the technical realm. The problem – whether it be leverage, risk, expectations, liquidity, employment or anything else you can think of – is always with the models or with policy (see Gorton and Metrick 2012; Lo 2012). Critique has thus focused on ‘scientific’ questions, like the so-called ‘Gaussian copula’ in the risk models of subprime asset-backed securities, which underplayed the likelihood of mass mortgage default, or on structural obstacles to policy shifts like ‘labour market reform’ (i.e., lower wages and reduced

social protection). The fix in either case is technical: better models, different policy, institutional tweaks (for example, Swagel 2015; Thimann 2015). This is true not only of the analyses of those fully committed to the status quo, but also of some of the most well-known ‘critics’ of economics’ methods and ways of knowing (Rodrik 2015). Which is to say, as Rick Wolff (2009, p. 3) put it, for the vast majority of economists, the current problem *in* capitalism is not a problem *of* capitalism.

This is in no way to suggest technical questions are trivial or pedantic. For example, another, arguably much weightier, ‘technical’ question arose in the furore around econometric estimations of sustainable levels of sovereign debt (note that the very possibility of a furore over econometric modelling is arguably a function of the crisis: the controversy reached the op-ed pages of the *New York Times* and the *Financial Times* and was closely covered by the *New Yorker*). In a series of contributions beginning in 2009, influential orthodox economists Carmen Reinhart and Kenneth Rogoff turned their attention to public debt levels in an effort to understand the precarious situation of many states’ finances following the meltdown and the ensuing banking crises. Their 2010 paper ‘Growth in a Time of Debt’ (Reinhart and Rogoff 2010) concluded that countries with public debt levels exceeding 90 per cent of annual gross domestic product (GDP) were prone to substantially lower growth than countries carrying debt below the 90 per cent threshold.

While Reinhart and Rogoff’s research is of course not solely responsible for the imposition of austerity upon many polities since the beginning of the crisis, their energetic promotion of the paper and its austere implications definitely helped it along. In the Greek and Spanish debt crises, for example, it was a key piece of evidence for those forces insisting on strangling public finances, imposing crushing levels of taxation on the working and middle classes, and reducing or rescinding promised social support. That the stakes in such claims are not small is proof that ‘technical’ concerns are not necessarily minor. Indeed, it was no minor matter when Thomas Herndon and colleagues performed a ‘critical replication’ of the Reinhart–Rogoff analysis in 2014, uncovering errors and selective data exclusion in the original which completely biased the results, and showed there was no such thing as the 90 per cent debt-to-GDP threshold (Herndon, Ash and Pollin 2014). If the Troika (the European Commission, the European Central Bank and the International Monetary Fund) had acknowledged that Reinhart and Rogoff’s model, crucial to their austerity programme (Kumar and Woo 2010; Gongloff 2013), was founded in the same common sense that endorsed the dynamics that led to the financial collapse, or at least been willing to consider this alternative economic analysis, things would arguably look very different in southern Europe today (Chick and Dow 2012; Stiglitz 2013b).

The most common alternative economic analysis in the post-Lehman era, on which Herndon et al. and many other economists have been working, is best described as loosely Keynesian. The resurrection of Keynes and the explosion of Keynesian enthusiasm almost immediately upon the onset of financial chaos in 2007–2008 was firmly grounded in a scathing critique of mainstream economics (Backhouse and Bateman 2011; Eatwell and Milgate 2011; Skidelsky 2009; Taylor 2010; Temin and Vines 2014). While the uses of the term ‘Keynesian’ in the discipline of economics are quite varied, and often at odds with the ‘welfare state’ associations shared by most non-economists, at its broadest it describes analyses based on two fundamental axioms concerning ‘actually existing’ modern economies: first, there is no reason to expect economic activity to lead ‘naturally’ to full employment; and second, insuperable uncertainty about the future always shapes the present (Mann 2017; cf. Dymski, this volume). Both of these conditions are dismissed a priori by the orthodox economics to which Reinhart and Rogoff cling. That orthodoxy begins from the assumption that full employment equilibrium is ‘free’ markets’ inevitable *telos*, and works on the basis of ‘rational expectations’, which is to say that economic actors are modelled as if they enjoyed what one might call adaptive omniscience. According to the theory of rational expectations, nothing is unexpected; even surprise is unsurprising: when Queen Elizabeth II (among others) asked during a visit to the London School of Economics why economists had failed to anticipate the economic wreckage, Lucas responded (in a comment in the *Economist*) that economics predicts that we cannot predict such events (Kay 2011).

The Keynesian revivalists are a relatively diverse bunch. They range from social democratic ‘post-Keynesians’ like Herndon, Ash and Pollin (2014) through pretty-close-to-orthodox ‘New Keynesian’ thought-leaders like Paul Krugman (2012) and Joseph Stiglitz (2010), to former champions of neoliberal deregulation like Richard Posner (2009) and the *Financial Times*’ Martin Wolf (Wolf 2008a; Wolf 2008b). All generally agree on the most important lesson economists should take from the crisis: that coordinated public authorities need to keep a much closer eye and hand on the level of risk and volatility in the economy (and be ready to jump in to stabilize quickly and comprehensively) because, contrary to the assumptions of the neoclassical rational expectations ‘revolutionaries’ and their models, the future is not well-characterized by a series of calculable risk probabilities, but rather by the fundamental, qualitative uncertainty that Frank Knight (1921) famously distinguished from risk. When banks stopped lending in the ‘credit crunch’, or when bond markets would not touch Greek debt during the Eurozone’s ‘sovereign debt crisis’, it was because the only thing that might give them confidence – state

and multilateral commitment to a stable future – was not forthcoming (DeLong and Summers 2012).

Even though Keynes' name was only briefly a commonplace – overwhelmed, some say, by the restoration of orthodox neoclassicism by 2011 – these broadly Keynesian ideas in fact had an enormous impact, if not in the programmatic and sustained manner some Keynesians called for (Stiglitz 2013a). For instance, the increasingly common phenomenon of negative interest rates (Sandbu 2016) and quantitative easing across Europe and the US (Palley 2011) are both premised on Keynesian thinking (even though they represent alternative approaches to the same problem, i.e., lack of investment demand). Even if the fiscal support system that many (unlike Keynes himself) associate with Keynesianism has not been reconstructed, macroeconomics and macro policy have nonetheless been deeply informed by Keynesian economists' diagnosis of the crisis. Whether this diagnosis enables states and elites to avoid similar collapses in the future or not, it is clear that many economists have come to embrace the Keynesian wisdom that we have very little idea what lies ahead, and things will not look after themselves, or certainly not soon enough.

This broadly 'Keynesian' realm is really an overlapping transition zone between the realm of mainstream economics and that of heterodox and radical economics and political economy, and economic geography and sociology. Indeed, outside the work of dissenting economists who, in the tradition of Hyman Minsky or Nicolas Kaldor, rely on mainstream methods and concepts but turn them to oppositional effect (for example, Seccareccia and Lavoie 2015; Taylor 2010), it is often difficult to identify any specifically disciplinary differences in this group of scholarly analyses of the crisis: economic geography can be indistinguishable from radical political economy (Harvey 2014) for example, or economic sociology (Krippner 2011) can frequently pass for post-Keynesian political economy (Schmidt 2009). What differences persist regarding the crisis lie less in the explanation of what went wrong than in the account of longer-term political-economic and social transformation in which the crisis is situated.

The range of such differences is usefully captured in the diverse reactions to what is by far the best-known scholarly product of the crisis, Thomas Piketty's *Capital in the Twenty-First Century* (Piketty 2014). While Piketty's argument is not focused specifically on the crisis-as-event, but rather on capitalism's instability because of inherently disqualifying forces (as described by Piketty's now famous inequality, $r > g$, i.e., return on capital generally exceeds the growth rate, so the 'haves' surge ahead as the 'have-nots' fall further and further behind), *Capital in the Twenty-First Century* is in many ways economics' crisis-book par excellence for the crisis world. It was motivated by, and appeared in, a

post-Lehman world obsessed with the causes and consequences of dynamics the crisis seemed to illuminate so clearly – financialization and seemingly absurd levels of finance-driven inequality, stagnating incomes and credit-based consumption, and the retreat of the state into deregulatory irresponsibility. However well written, it is safe to say that a massive tome sprinkled with graphs of economic growth rates would not have been a best-seller without the financial crisis. Its implicit moral economy, focused on the unequal (or even unearned) distribution of rewards, resonated with popular debates concerning the responsibility for the crisis and its social costs.

An eminent mainstream (if politically progressive) economist, Piketty understood *Capital in the Twenty-First Century* as a contribution to the debate in his discipline. And certainly it is; the book attracted extraordinary attention from economists, and in the process lit up the divide between Keynesians (of all stripes), who mostly celebrated it (Krugman 2014; Summers 2014), and the orthodox faithful, who denounced its conclusions, methods, data and so on (e.g., Mankiw 2015, or the dismissive reviews in the ultra-free-marketiteering *Journal of Political Economy* (Blume and Durlauf 2015; Krusell and Smith 2015)). But the non-mathematical framing of the book, its historical sweep, and the macrosocial scale of its focus meant that it was also embraced enthusiastically if not uncritically among non-economists inside and outside the academy. In fact, it exemplifies a burgeoning trend in non-economists' analyses of the crises that have played out since 2007–2008: a turn from a fascination with the 'triggers' – the tools and techniques of modern finance like special purpose vehicles, or mark-to-model valuations – to an increasingly longer-run, structural or even 'epochal' understanding of the crisis (Postone 2012; Adjoran 2014). It is almost as if the feeling of wandering the corridors of the palace after the revolution, marvelling at the deceit and luxury now visible for all to see – epitomized by the films *Inside Job* and *The Big Short* and so common among critics of finance after the collapse of Lehman – has diminished as time has passed, and the *longue durée* of capitalist and (neo)liberal social relations is attracting widespread attention again (Fraser 2013; Panitch and Gindin 2013; Moore 2015; Christophers 2016b). Indeed, as discussed in the opening paragraphs, we should not be surprised that some are asking what exactly is in crisis, and how 'crisis' became so central to our conception of history (Roitman 2014; Fraser 2015).

This development has had the interesting effect of linking the general critical trend to the radical and Marxian literature to an unprecedented degree. As one might expect, Marxists were distinctive in the early moments of the crisis for their welcome effort to look past the

machinations of financial wizardry to understand the subprime crisis and credit crunch as the latest form of capitalism's ineradicable crisis tendency (Foster and Magdoff 2009; Duménil and Lévy 2011; McNally 2001). They pointed to the contradictions built into credit-based neoliberal political economies and the squeeze on workers in the wake of their relative successes during the post-World War II 'Long Boom', and positioned the present moment as only one more instantiation of a process at work for two centuries. In its broad outlines, this analysis has gained a great deal of traction across the social sciences; 'critical' scholars who would never have considered themselves Marxists have nonetheless embraced the accounts of committed Marxists like David Harvey (2010) and Leo Panitch and Sam Gindin (2013).

Yet, as compelling as many of these analyses are, it must be acknowledged they are not enough on their own. Since capitalism is crisis-producing, even increasingly so – an argument that can no longer be attributed solely to Marxists and Keynesians (Mann 2015), but rather now seems simple common sense – these analyses are of course essential. At the same time we must recognize that the specificity of crisis as a geographical and historical process – what is qualitatively and quantitatively particular to these times and these many places – can get lost or forgotten if its 'empirics' are reduced to merely the latest variation on a universal theme, whether it be accumulation and exploitative overaccumulation or $r > g$.

Even if such accounts of inevitable structural contradiction are perfectly accurate, they often tend to diminish or leave underexamined no small part of what matters: the widely varied and often harrowing experiences and implications of this particular complex of crises for the many different and overlapping groups that make up contemporary societies. Moreover, while efforts to concretize crisis 'in the world' by emphasizing histories of class struggle or examining specific national or international 'contexts' – of which there exists a long and laudable tradition (e.g., O'Connor 1973; Poulantzas 1976; Aglietta 1979; Bell 1982; Negri 1984; Harvey 2005; Marazzi 2010) – can contribute much to an understanding of the ways that political-economic crisis plays out, these more empirically or institutionally-founded accounts nonetheless generally leave aside the granular particulars of life in crisis. Some of these dynamics are touched upon by the 'cultural political economy' literature (Sum and Jessop 2013), but there the emphasis largely remains on the ways that political economy is 'culturalized' or culturally inflected. This is certainly a crucial insight, but what it does not illuminate are the ways in which, even within a given community or social group, the 'experience' of crisis can vary enormously even on relatively common 'cultural' terrain. The vastly differentiated impacts of mass home foreclosure

across lines of race, class and gender (Wyly et al. 2009; Wyly and Ponder 2011), the grossly uneven distribution of the burdens of austerity or so-called ‘fiscal consolidation’ (Glasmaier and Lee-Chuvala 2011; Palaskas et al. 2015), or the specifics of national and regional institutions (Fishman 2012; Quaglia and Royo 2015) are not just superstructural details, but (as Marx might have put it) what crisis ‘in the concrete’ actually looks like.

In this respect, as the chapters that follow demonstrate, the financial crises since 2007–2008 have motivated an enormous diversity of exciting, insightful and innovative scholarship. The disciplinary, geographic and empirical range of this research defies summary, but arguably its most significant general characteristic is the analytical centrality of debt and credit. Across the social sciences, even in work that is not explicitly oriented to the financial crisis per se, studies of finance as a social relation and financialization as a mode of modern life have exploded.

In the early post-Lehman moments, many of these accounts were motivated by a journalistic drive to expose the ‘greed’ and impunity of those involved (Madrack 2012). But as time has passed, this understandable urge to name the guilty has receded as the ‘greed’ at the heart of banking, for example, is understood less and less as a function of bad individuals, and more as a product of the social relations of financialized capitalism (Lapavistas et al. 2012; Brown 2015; Lazzarato 2015). As a result, the debtor–creditor relation appears in much greater complexity, constituted as it is not only in predatory theft and misrepresentation, but also in consensual, historically-embedded, and irreducibly social relations at multiple temporal and spatial scales (Chu 2010; Graeber 2011; Kear 2013; James 2015). In other words, scholars have increasingly come to see the crises not simply as the result of individual opportunism which produced unlucky or accidental outcomes in an otherwise stable institutional setting, but of systemic or quasi-systemic processes that are nonetheless irreducibly contingent in their historical and geographical specificity, caught up in times and spaces that are always but never only political-economic.

Meanwhile, if scholars have had the relative luxury of grappling with the financial crisis in the abstract and at their leisure, governments and their various regulatory agencies have clearly not been so fortunate. Their responses have been more urgent and, of course, significantly more material. And while sometimes explicitly guided by scholarly interpretations – as with the uses and abuses of Reinhart and Rogoff’s (2010) research – their inspiration has often been considerably harder to discern. It is to the state’s response that we now turn.

The Crisis, the State and Regulation: 'What have I done?'

Amidst the period of peak anxiety about the fate of the financial system during the global financial crisis of 2007–2009, it is interesting to speculate how many central bankers and finance ministers experienced what might be described as a 'Lieutenant Colonel Nicholson moment'. Nicholson is a character played by Alec Guinness in the 1957 motion picture, *The Bridge on the River Kwai* (Lean 1957), who commands British prisoners of war put to work constructing a railway bridge in Burma for their Japanese captors. Seeing the completion of the bridge as a way of building morale among his troops, Nicholson not only encourages his men to do a good job but intervenes to improve its location and design. However, given the military significance of the railway, Allied commandos are dispatched to destroy the bridge – an intervention that in his pride Nicholson initially attempts to thwart. Almost too late, he recognizes his misplaced allegiances with the tragic question 'What have I done?': his attempt to protect the bridge is an act of collaboration. Injured in a melee between the saboteurs and Japanese soldiers, Nicholson falls on an explosive detonator, destroying himself and his bridge.

While there have been no recorded acts of self-immolation by politicians, regulators or central bankers in the wake of the financial crisis, there is some evidence to suggest that at least some of those involved in the regulation of money and finance in the period leading up to the crisis belatedly realized that they, like Nicholson, may have been labouring under a fatal misapprehension of their role and purpose. Through acts of commission and omission they helped build a bridge that intensified the connections between the high risk, high stakes world of global finance and the everyday lives of millions of people (cf. Pryke and Allen 2000). Andrew Haldane, now chief economist of the Bank of England, has insisted that the crisis was the product of nothing less than the 'failure of an entire system of financial sector governance' (Haldane 2012, p. 21).

Seduced by the 'Great Moderation', a long period of global economic growth combined with low inflation in the global economy from the mid-1990s onwards, many elites convinced themselves this benign macroeconomic outcome was a result of submitting to the power and *ex post* organizing logic of markets. The neoliberal prophets who had long advocated this form of market organization had surely been proved right, and all was set fair now the former belief that the state could intervene to organize markets *ex ante* was recognized as both mistaken and futile. 'Meddling' would only create distortions and inefficiencies in the

more beneficent, emergent ‘spontaneous order’ (Mirowski 2013; Peck 2010; Sayer 1995).

When the financial crisis broke, its unprecedented scale and scope soon became evident. Although it is impossible to know the precise number that would indicate the scale of economic loss, as Berry et al. (2016, p. 16) point out, even the lower limits are extraordinarily high for a financial crisis:

Estimates of the GDP loss as a result of the crisis and ensuing recession, fuelled in part by the crunch in bank lending to productive firms, range from £1.8 trillion and £7.4 trillion (depending on how permanent the effects of the crisis were). New research by the Bank for International Settlements (BIS) suggests the figure is more likely to be higher than lower and that credit booms and busts inflict long-term damage on economies: ‘First, credit booms tend to undermine productivity growth ... Second, the impact ... is much larger if a crisis follows.’ Andrew Haldane has pointed out that the total loss of income and output caused by the banking crisis was equivalent to a World War.

Losses of this magnitude challenged the faith of some of the most devout believers in the self-organizing capacity of markets, including the high priest of central bankers, ex-Federal Reserve Chair Alan Greenspan. Long a vociferous advocate of neoliberal approaches to economic management, Greenspan had his own Nicholson moment in 2008 when, observing the damage to the financial system he had overseen for so long, he admitted he had ‘discovered a flaw in the model that I perceived is the critical functioning structure that defines how the world works’ (cited in Mann 2010, p. 601). Greenspan’s ontological crisis was more practically observed under his successor, Ben Bernanke, who embraced neoliberal apostasy in the decision ‘to block market verdicts on which banks should fail’ (Mirowski 2014, p. 85), bailing out one failing institution after another in a process repeated across other leading financial economies.

The relationship between regulators and the regulated – that is, between the state and its agencies on the one hand, and financial institutions and their employees and customers on the other – is critical to understanding how financial systems evolve through time. The process of financial innovation has been described as ‘bricolage’ (Engelen et al. 2010), a process of ‘creative tinkering’ (MacKenzie 2003, p. 831) by financial institutions seeking ways around restrictions and limitations. As a result, financial innovation ‘is contingent, resourceful and context-dependent’ (Engelen et al. 2010, p. 54), ensuring the relationship between financial institutions and regulators is constantly in motion. This relationship is critical given the key role that money and finance play in the