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Note from the editors

Is there a Latin American economic sociology?

Aldo Madariaga and Felipe González

Is there such a thing as "Latin American economic sociology"? In the early 1990s, Richard Swedberg (1991) argued that there were three main traditions in economic sociology, going back to the writings of Max Weber, Emile Durkheim, and Thorstein Veblen, reflecting major sociological traditions from Germany (*Wirtschaftssoziologie*), France (*sociologie economique*), and the United States (economy and society). Speaking as one of the most important pioneers and organizers of the field for decades now, Swedberg thus erased a rich intellectual tradition of reflections on the economy and society going back a century conducted by prominent intellectuals in other parts of the world, particularly Latin America.

Strictly speaking, Swedberg was right in at least three ways. First, the identity of mainstream "economic sociology" is inextricably linked to the revival of the so-called "New Economic Sociology" in the United States in the 1980s, which is globally recognized as the sub-field's "brand." Second, alongside these roots, the field built a strong identity in opposition to neoclassical economics, providing a foundational myth that has remained unquestioned throughout the decades (though some would argue that this began to change in the 2000s with the introduction of "actor network theory," which McFall and Ossandón (2014) labelled the "'new' new economic sociology"!). Third, the self-referential representation based on the foundational myth of New Economic Sociology and the "epic resistance" against neoclassical economics reproduced itself through the publication of countless handbooks and state-of-the-art reviews, organiz-

ing the literature thematically rather than regionally. There are, however, several characteristics of the development of reflection on the economy and society in Latin America that sets it apart from the scope and interests of New Economic Sociology. For one thing, as we will discuss in more detail below, the boundaries between economics and sociology in Latin America remained blurred for most of the twentieth century because of the common interest in understanding the multiple facets of an essentially regional problem – (under)development – rooted in the specificities of Latin American economies and societies. Moreover, until very recently most intellectuals, think tanks, researchers, and scholars in Latin America did not understand themselves specifically as "economic sociologists".

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As guest editors of *Economic Sociology*, the electronic European newsletter, we are delighted to introduce the reader to the first of three special volumes devoted to economic sociology in Latin America. We shall undertake the task of reflecting on whether there is such a thing as "Latin American economic sociology." Answering this question is not straightforward. Such an endeavor entails collecting, classifying, labelling, and organizing the literature; listing graduate and undergraduate programs; and mapping institutions and authors in such a way that would exceed our ambitions and possibilities. We would like to offer a different angle. Instead of providing an operational definition to answer the question directly, we seek to reflect on what it means to pose that question in the first place and to provide relevant reflections and scholarly work to facilitate thinking. If there is such a thing as Latin American economic sociology – whether singular or plural – it should speak through the voices of its authors, their interests and inspirations, research agendas, trajectories, and historical contexts. By putting these volumes together, we have set ourselves the mission of providing such an outlet.

Nothing prevents us from attempting to answer whether we can speak of a Latin American economic sociology, however. To be sure, we believe that any answer to this question, provisional as it may be, needs to account for the existence of what we call, following Swedberg's historicization, a "fourth major tradition" shaping contemporary debates in Latin American economic sociology. We conceive this tradition of economic sociology as a "political economy of development." As we will see, this fourth major tradition is rooted in the work of a significant number of economists and sociologists who sought to understand the political, social, and cultural structures shaping capitalist (under)development in the region throughout most of the twentieth century. Through the lens of this tradition, we may see elements of both continuity and change between the early economic sociology of developmental political economists and current researchers who share an empirical proximity to economic phenomena in the region.

We begin by sketching the intellectual tradition that shapes current trends in economic sociology in Latin America.

Economic sociology as political economy of development

A key focal point in the emergence of sociological work on the economy in the region was a reflection on the characteristics of Latin American societies and their similarities to or differences from those described by the sociological classics for European societies. Given the centrality of industrial society and capitalism in classic works, and directly influenced by them, Latin American thinkers – mostly sociologists and economists – put particular emphasis on understanding the characteristics of capitalism in the region.

As we will see below, this constituted the first impulse for a prolific literature generically known as "Latin American structuralism" and dependency theory, perhaps the best known local approaches internationally, devoted to understanding the problems of Latin American (under)development (see Cardoso 1977a). After the conservative military putsches of the 1970s in the southern cone and the rise of neoclassical economics and neoliberalism in the 1980s, a process of specialization took place. Structuralists devoted themselves to refining their postulates in direct dialogue – or confrontation – with neoclassical economics, while many sociologists and political scientists turned to understanding the processes of democratization in the region and the associated societal dynamics. Yet another group of sociologists specialized

in understanding the common practices of the poor and marginalized, in close association with anthropologists. Since the 2000s, there has been a revival or new impulse to political economy understood in the old terms, and a greater specialization of economic sociology as the study of economic practices, following its earlier connection with anthropology. With respect to the latter, an important part of Latin American economic sociology built on this ethnographic tradition, characterizing the economic life of poor households in rural and urban areas, the functioning of the informal economy and illegal markets (Dewey 2015), as well as the ways in which capitalist modernization shaped the household economy.

The early thinkers and ECLA

The decades between the 1930s and 1950s saw profound change in Latin American societies and therefore sociological and economic investigations focused on understanding the rapid processes of economic industrialization and social modernization. Economic development became a core object of sociological analysis.

The early thinkers in the region took the classics, especially Max Weber and Karl Marx, and reinterpreted them in light of the characteristics of the societal change they were witnessing in the region. Both Weber and Marx provided ways to understand these processes following their analyses of the development of industrial society and modernity in Europe.

Weber's influence came to Latin America through a handful of Spanish thinkers exiled after the Civil War, who taught and spread German sociology and founded and/or were put in charge of printing houses that gave important support to the nascent social sciences in the continent. Among them, perhaps the most influential was José Medina Echaverría. From his exile in Mexico, Medina Echavarría was crucial to the spreading of Max Weber's teachings to other parts of the continent, notably Argentina, where another key expat figure would receive an important influence, Italian-born Gino Germani. Medina was influential in developing two aspects of Weber's work in the region: Scientific methodology, which would be crucial in institutionalizing sociology against the existing philosophers on the continent, and Weber's rationalization process (Morales Martín, 2016). Arguably, Medina Echavarría's most influential work, apart from his teaching and invaluable translation of Weber's *Economy and Society*, is his *Consideraciones sociológicas sobre el desarrollo económico en América Latina* (Sociological considerations on economic development in Latin America) (1964). Unlike Germani's interpretation of Weber, which was closer to the sociology of modernization of Parsons and Lipset, Medina Echavarría's analysis highlighted that the duality of social and economic structures in Latin America did not constitute one stage in a chain of social change processes toward more developed societies, but that the coexistence between the "*hacienda*" social and economic order, and more modern and industrialized poles in urban centers, was an enduring characteristic of the countries in the region (Medina Echavarría 1964; see also Morales Martín, 2016).

Conversely, searching for Marxist analyses that could give meaning to a region not analyzed by Marx himself, a set of Marxist authors debated how close the region was to socialist revolution, and therefore the main task was initially to reveal whether the region – and individual countries – were feudal or already capitalist and therefore ripe for revolution (see Lagos 2017). In this context, Latin American Marxists were significantly influenced by the discussions of imperialism by Marxist authors such as Lenin, Hilferding, Luxemburg, and Bakhunin. In this tradition, capitalist development constituted a revolutionary force in less developed regions and, provided that colonizing powers would be kicked out, capitalist industrialization processes should follow in the footsteps of the advanced countries. Therefore communist parties in the region should build anti-imperialist blocs with other progressive forces striving to promote industrialization and the capitalist revolution in the region as an antecedent to the socialist one. According to Palma (1978, 897) this interpretation remained relatively unchallenged until the Cuban Revolution in 1959.

In different ways, these analyses resonated strongly in what would become the most important institution for the development and spread of Latin American social sciences in the twentieth century, namely the United Nations Economic Commission for Latin America (known alternatively as ECLA or CEPAL, in its English and Spanish acronyms). ECLA became the home of what would become known as the Latin American structuralist school (Sánchez-Ancochea 2007; Bielchowsky 2009). ECLA's main figure – and perhaps the most influential Latin American thinker of the century – was Argentine-born Raúl Prebisch. Trained as an economist and an ardent follower of Keynes, toward the end of the 1940s Prebisch developed a critique of classical economics that would become an important and influential current in the nascent subdiscipline of development economics (Sánchez-Ancochea 2007). Prebisch's arguments, written toward the end of the 1940s in what would become known as the "Latin American manifesto," were basically as follows (see Bielchowsky 2009; Cardoso 1977b). First, the Ricardian theory of trade was wrong to assume that free trade equalized income among

countries; instead, an international division of trade developed between countries exporting capital (core) and countries exporting raw materials (periphery), the first gaining most of the increases in productivity over time, as reflected in a declining trend in the terms of trade for peripheral countries; second, the economic and social structure of peripheral countries and their lack of dynamism rested heavily on this type of international economic specialization; and therefore third, Latin American countries should strive to push the industrialization of their economic structures.

As we can see, it is not difficult to note the important coincidences, despite the different theoretical starting points, of the Weberian, Marxian, and structuralist approaches to the issue of development in the region. Prebisch became executive director of ECLA in 1950 soon after its founding and from there launched an interdisciplinary project to find and combat the causes of underdevelopment in Latin America, with a strong policy orientation. In fact, in the 1950s, Prebisch invited Medina Echavarría to direct the Social Studies Division of ECLA in Santiago de Chile. Medina was later also part of other key institutions spreading Latin American social sciences through graduate schools for public administration and sociology, such as ILPES and FLACSO, both also founded in Santiago. As several authors have highlighted (for example Montecinos and Markoff, 2001), more than merely igniting the process of industrialization in the region, ECLA came to formalize and give theoretical justification to a process of import substitution through industrialization (ISI) that had started before the Great Recession of 1929 in several countries, and was being strongly pushed by this juncture in the rest of the region.

Theories of dependency

The 1960s saw a radicalization of the debates on Latin American development, partly as a response to the liberal critique of Latin American structuralism, and partly as a reaction to the problems that the industrialization of the region was facing, which Albert Hirschman summarized as the passing from the "easy" to the "hard" phase of industrialization (Hirschman 1968; see also Cardoso 1977b). Debates surrounding the character and consequences of *dependency* – that is, the underdeveloped character of Latin American economies and societies as causally linked to the development of economies and societies in the advanced world – would elicit major contributions in fields adjacent to development theory. Many of them would delve into the questions of class formation, the role of foreign capital, the problems of the state, and the character of the political system (see Palma 1978).

ECLA thinkers such as Brazilian Celso Furtado and Chileans Aníbal Pinto and Osvaldo Sunkel started to incorporate income distribution and employment segmentation, and the "consumption" biases of local elites as constraints on development. These, they argued, caused "unbalanced growth," chronic inflation, problems with export promotion, and related consequences for the balance of payments. In doing this, they echoed similar developments in the Cambridge School of Economics, particularly by authors such as Nicholas Kaldor and Joan Robinson, as well as Michal Kalecki.[1] One consequence of this theoretical concentration on income distribution and what came to be known as "structural heterogeneity" – that is, the coexistence within the same society of modern/industrial and backward/traditional economic and social structures – was to generate a number of studies on marginality, the economic practices of the large masses of population not incorporated into the process of modernization, and informality as a pervasive and characteristic phenomenon in Latin America (see for example Quijano 1974). Another group of authors more influenced by US Marxist economists Paul Baran and Paul Sweezy developed the orthodox thesis of dependency according to which the dependent character of Latin American economies produced a whole set of structural characteristics that could only result in the "development of underdevelopment," as proposed by its most influential author, German-born Andre Gunder Frank and his Latin American followers, among others, Brazilians Ruy Mauro Marini and Vania Bambirra and Chilean Orlando Caputo (Palma 1978; Lagos 2017). One strand of this branch, represented by another German-born, Franz Hinkelammert, studied in more depth the ideological aspects of dependency, therefore opening up a cultural angle in an otherwise strongly economistic analysis. With the exception of Hinkelammert, the Marxist interpretation of dependency was developed at the *Centro de Investigaciones Socio-Económicas* (CESO) at the University of Chile in Santiago, which would later be allocated to the Faculty of Political Economy in that university.

An alternative take, strongly influenced by ECLA but adding a characteristic sociological flavor, was that developed by Brazilian Fernando Henrique Cardoso and his collaborators. Cardoso wrote, with Chilean Enzo Faletto, one of the most influential books of the day, *Dependency and Development in Latin America* (1979). Both Cardoso and Faletto became ECLA officials working under the leadership of Medina Echavarría in the 1960s, and combined Weberian and Marxist analyses in their take on dependency. For them, dependency could not be used as a general category but a contingent one; that is, it had to be researched in every country combining structural con-

straints and historical possibilities for development; indeed, they preferred to speak of concrete "situations of dependency" instead of "dependency" *tout court*. Their analysis tried to understand how structural dependence on foreign capital – and the type of economic structure of local economies – affected the constitution of development actors and in turn countries' development possibilities. Cardoso was particularly interested in understanding the ideology of the local bourgeoisies and developed the concept of "associated development" to capture the possibility that, in the absence of a more entrepreneurial domestic capitalist class, development could stem from an alliance with external capital.

Yet another strand studied in more detail the influence of dependency on the political system more generally, and on the state in particular. In an influential work, Guillermo O'Donnell and other authors saw in the dependent character of Latin American economies and the structural and distributional problems posed by ISI, a direct effect on the development of the political system. Studying the 1960s military putsches in Brazil and Argentina (the most advanced industrial countries in the region, together with Mexico) and later extending the analysis to the mid-1970s coups in Argentina, Chile, and Uruguay, O'Donnell coined the concept of "bureaucratic authoritarianism" (O'Donnell 1973; for a discussion, Collier 1979). According to O'Donnell, the dependent character of industrialization in Latin America and the associated distributional and societal politicization problems implied that, unlike in the advanced countries, the continuation of industrialization and capital accumulation in Latin America required a tightening of political and social democratization via the constitution of highly repressive military governments and technocratic politics.

Latin American Social Sciences in Disarray (1980–1990)

Starting in the mid-1970s and extending all the way to the 1990s, the Latin American social sciences fell into disarray, for a variety of reasons, giving rise to an important process of reorganization in thematic and institutional terms. The fragmentation of theoretical debates also implied a specialization along disciplinary lines, leaving behind the interdisciplinarity that had characterized Latin American thought on the economy (Sora and Blanco 2018, 146).

The ECLA tradition and dependency analyses fell victim first and foremost to the political developments in the region. The strong correlation between theoretical debates and political practice had put these traditions in the crosshairs of conservative elites wanting to restore order in the context of political polarization and economic stagflation. It is in fact no coincidence that the Ford Foundation program that brought the University of Chicago thinking to Latin America – eventually producing the so-called "Chicago Boys" and the spread of neoliberalism in Chile and the region – selected Santiago as a strategic venue, due to the need to counteract the power and influence of ECLA teachings and the radical debates it had spurred (see Valdés 1995).

Military putsches were key to displacing ECLA and dependency from the frontline debates. Thus, while the 1960s takeovers in Argentina and Brazil had converted Santiago into a neuralgic center of concentration of expatriates thinking in terms of dependency analyses, the 1973 putsch against Allende, the concomitant putsches in other South American countries, such as Argentina and Uruguay, as well as enduring political instability in neighboring countries produced a diaspora that dispersed thinkers around the continent and beyond (see Sora and Blanco 2018). The extent to which the Pinochet dictatorship silenced existing thought is well expressed by the closing of the University of Chile's Faculty of Political Economy, where the Marxian *dependentistas* had had their home – together with the prosecution of its members – and the murder of Carmelo Soria in 1976, a Spanish ECLA official who had been a member of the Spanish Communist party and advisor to Allende in Chile, and had been using his diplomatic immunity to help opponents of Pinochet flee the country.

The final blow to *dependentista* analysis came from the inability of the paradigm to explain or provide solutions for the Latin American debt crisis and the experience of rapid growth and development of the East Asian tigers, and partly also of Chile (see Montecinos and Markoff 2001). This criticism came not only from a triumphant neoliberal view of development, but also from more progressive authors who would then develop the concept of the "developmental state," a line of thought that was highly critical of the *dependencia* analyses and would become key in the revisions of development theory and ECLA's own version of it (see Amsden 1979; Evans 1987; Haggard 1990).

Therefore during the 1980s and 1990s ECLA concentrated on revising its teachings, focusing on economic debates and losing its characteristic academic and interdisciplinary approach. Its new paradigm, that of "neo-structuralism," is a watered-down version of the previous one and has had significantly less influence on the rest of the social sciences in the region. The new synthesis gives a key role to the maintenance of macroeconomic equilibria, free trade, and comparative advantage, and within these limits seeks

to implement what became known as "productive development policies" to foster processes of export diversification, expected to lead countries into higher value added economic structures (see Bielschowsky 2009). ECLA also gave a more important role to social policy and education. In this period, it became little more than a large consultancy institution competing with other better funded ones, such as World Bank and the Inter-American Development Bank in advising countries on how to implement public policies, including targeted social policies and other interventions.

An important part of the sociologists and political scientists working close to *dependencia* writings turned to study the dynamics of the new authoritarian states in Latin America, and during the 1980s focused their attention overwhelmingly on the process of democratization then under way. In this context, the region became the subject of a wider current of political scientists studying authoritarianism and later the third democratization wave, such as Alfred Stepan, Juan Linz, and Philippe Schmitter (Schmitter, O'Donnell, and Whitehead 1986; Stepan and Linz 1996). During this new focus on democratization, the earlier work on development and politics which followed a structuralist approach gave way to an analysis centered more on the idea of agency and the autonomy of the political from the economy (see Geddes 1999). Later on, as the new democracies became consolidated, political scientists both inside and outside the region focused on the much narrower analysis of concrete political institutions and of electoral behavior. In a way, the new democratic context gave space for importing theories and methods designed to analyze older democracies, and therefore to "speak to broader audiences," even in countries where these were only recent developments (Luna, Murillo and Schrank in Smith 2014, 5). These new works tended to be strongly influenced by the dominant branches of political science in the United States and therefore bore a significant imprint of rational choice institutionalism, strongly influenced by neoclassical economics, and often following formalization.

Perhaps the most interesting development in this period, because it would become the subject of extensive revisions in the next decade and, through this, would incentivize a re-emergence of political economy, were works on the "political economy of policy reforms." These works tried to understand the political conditions that explained the adoption or not, of structural reforms in non-advanced countries in general, but with particular attention to the neoliberal experiments in Latin America (see, among others, Haggard and Kaufman 1992; Nelson and Waterbury 1989). In an era dominated by neoclassical economics and plain economism in its efforts to understand why and how countries should adopt this or that economic policy, one could say with hindsight that these authors made a great effort to engage substantively with understanding the interrelations between politics and the economy. As prisoners of the spirit of their time, however, they did little to question the received wisdom that some form of structural reforms and adjustment were good for these countries and rather directed their questions towards how "good countries" implemented "good" reforms and why "bad countries" did not take advantage of them. In this sense, questions of dictatorship and democracy, of business and labor, and of growth and development were discussed under the umbrella of the Washington Consensus. In fact, it is no coincidence that several of the most influential works of this period were part of World Bank or IMF research projects, and that well known and respected political scientists – many of whom had participated in the older debates about dependency and development – sat in front of orthodox macroeconomists trying to figure out how to get their theories applied in practice.

The birth of economic sociology proper in Latin America, that is, its specialization and self-recognition as a specific field of inquiry, followed from all this.

Economic sociology in Latin America

The demise of what we have called the "political economy of development" at the hands of political events and neoclassical economics toward the end of the century gave an important impulse for the emergence of a distinctive field of economic sociology in the 2000s. In many ways, this implied an important rupture with the earlier tradition.

As already mentioned, scholars in the 1980s and 1990s were highly influenced by previous developmental theories and investigated economic issues such as the structure of business elites or patterns of wealth and income distribution. An important element of rupture with the past that took shape in the 2000s, however, is the fact that scholars researching the social, political, and moral foundations of the economy in Latin America began to recognize themselves as "economic sociologists." On one hand, this may be related to the fact that younger generations of Latin American scholars came in contact with academic circles in Europe and the United States, thereby becoming aware of the New Economic Sociology. This also explains the great influence that different waves of economic sociology have had during recent decades in the region. The works of Viviana Zelizer and Michel

Callon, for instance, came to influence very much the way in which researchers studied monetary practices and calculability frames among the poor (Angulo Salazar 2014; Barros 2011; Ossandón et al. 2017; Villareal 2000; 2008; 2014). As a result, a novel feature of current economic sociology in Latin America is the fact that an increasing number of publications are in dialogue with different strands of mainstream economic sociology in Europe and the United States (Ariztía 2018; Fridman 2017; Ossandón 2015; Undurraga, 2017). Moreover, this influence was reflected in the slow but steady proliferation of graduate programs in economic sociology, accompanied by the translation of key texts in the field, such as Mark Granovetter's *Economic Action and Social Structure*. Finally, the implementation of market reforms in most Latin American countries during the 1990s called for a renewed interest in the study of markets, not least through the reappraisal of authors such as Karl Polanyi.

On the other hand, the increasing identification with the label of "economic sociology" may relate to the fact that, with the consolidation of neoclassical economic thinking and the rise of economists and neoliberalism in the region during the 1980s (Markoff and Montecinos 1994; Montecinos 1997; Montecinos and Markoff 2012; Montecinos, Markoff and Álvarez-Rivadulla, 2009), the label "economic sociology" came to host a range of alternative approaches to economic phenomena. In this sense, perhaps a distinctive feature of this community is its interdisciplinary background, which has recently come to rely on digital platforms to gather the works of anthropologists, historians, and sociologists under the umbrella of the "social studies of the economy" (ASA 2014). As Wilkis and Friedman argue, the permeability of disciplinary boundaries may be a distinctive feature of Latin American economic sociology.[2] Additionally, Latin American economic sociology lacks the institutionalization that the New Economic Sociology achieved through the recurrent publication of handbooks that organized the field, established clear disciplinary and thematic boundaries, and reinforced the collective identity of economic sociologists. This started to change recently with the publication of edited volumes devoted to core topics in economic sociology with a strong regional emphasis (Wilkis 2018, González and Madariaga 2018).

In any case, current Latin American economic sociology has moved away from previous concerns with the relationship between the state and markets, states and economic elites and entrepreneurs. The field of "social studies of the economy" has undergone a process of differentiation, whereby the "hard topics" of tax regimes, business power, the state, and markets more broadly conceived have been relegated to a growing subfield of political economy. The current focus on practices, cultures, meanings, devices, and narratives has shifted from structural factors to the interactional level, which has made these works even more compatible with the label "economic sociology." The articles we present in this volume share these features.

However, we also recognize important elements of continuity with the older "political economy of development," which imposes a particular identity on Latin American economic sociology. First, the strong focus of developmental political economists on the problem of poverty, marginality and distribution has remained constant among economic sociologists. The study of the cultural practices of these subjects has been vindicated under the category of the "popular," which has been present along the study of monetary practices, finance, and credit for decades now (Taussig 1993; Ariel Wilkis 2013; 2014). At first sight, the "popular" seems to have found its counterpart in the category of "sub-prime" that emerged strongly with the financialization literature in the aftermath of the financial crisis. Nevertheless, the "popular" in Latin America points not only to an economic category – those without bank accounts – but more broadly to a historical one. In Latin America, the "popular" refers to a political discourse that opposes the interests and culture of the poor masses and those of the elites, between local communities and the advancement of capitalism, and is reminiscent of Medina Echavarría's analysis of the duality of economic and social structures in the region, and ECLA's concept of "structural heterogeneity" (Canclini 1982). Then and now, both developmental political economists and current economic sociologists quite explicitly speak of and research the "popular" life of the economy. It is no coincidence therefore that, three of the works gathered in this issue – by Villarreal on Mexican migrants in the United States, by Müller on financial inclusion in Brazil, and by Luzzi and Wilkis on inflation – follow this focus.

Finally, we can talk of a Latin American economic sociology in a different sense. As the work gathered in this and the next volumes will reflect, current economic sociology in Latin America is influenced not only by existing intellectual traditions but also by historical trends and the way in which the social sciences come to make sense of local realities. This not only implies the selection of research topics, but also how the production of local knowledge appropriates and transforms existing concepts.[3] To stay with Zelizer's example, one could say that the "social uses of money" in Argentina are mediated by the historical experience of inflation and bank runs, largely absent from the recent history of the developed world. This, for example, draws attention to the monetary prac-

tices that not only sustain social relations but also aim at maintaining the value of money itself. Put differently, these works are not a mere application of existing frameworks to different contexts and, in many cases, local contexts demand the retooling of existing concepts.

The first issue of this series on Latin American economic sociology is devoted to the triad of money, debt, and finance, which became an autonomous field of inquiry alongside the implosion of the financialization literature after the 2008 crisis. The works gathered here tackle this triad from different angles: the social reality of Mexican migrants living in the United States during the 2007–2008 crisis; Argentina's long history of dollarization; the extension of credit in Brazil's favelas; and the indebtedness of Chile's middle-class young couples experiencing intergenerational mobility. The PhD projects contained in the last section also relate to the investigation of monetary transfers, savings, and the social meanings of inflation. The works presented here share a distinctive qualitative and interactional approach to the household economy, the importance of economic narratives and representations (in both the public and private spheres), and the role of networks of exchange. The latter seem to be a distinctive feature of the populations under scrutiny, highlighting the role of protective lending and moral circuits sustaining economic practices among the poor. They also form part of a broader move towards the investigation of money and finance in the region, which ranges from broader structural accounts of the financialization of households (González 2018; Lavinas 2017; Soederberg 2012 2013; Zanotelli 2013) to the extension of credit to the lower ("popular") classes (Ossandón 2013) and valuation practices (Wilkis 2018).

In sum, with this series dedicated to Latin American economic sociology, we would first like to draw attention to the significant body of work developed in the region in recent decades. Beyond this, we would also like to vindicate the region as providing a unique tradition of thought about the economy and society, and as one in which foreign theories not only get applied to concrete issues, but are substantially retooled, recrafted, and therefore transformed in order to make sense of particular socio-economic phenomena.

Endnotes

1 Although there was not proper communication between the two schools, there were exchanges between them. For example, both Kalecki and especially Kaldor came to visit ECLA and were commissioned to write studies. See Palma and Marcel (1989).

2 See, for instance, the section on economic sociology in Argentina of the ASA Newsletter Section https://www.economicsoc.com/publications/2018/1/25/the-global-dispatch.

3 This has been in fact, an important debate since the golden years of ECLA thinking. See Cardoso (1977b). More recently, Centeno and López (2001).

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The social fabric of a debt economy: Mexican immigrants in the 2008 mortgage crisis

Magdalena Villarreal

Introduction

In July 2007 massive losses began to afflict world stock markets. The disaster was sparked by the revelation of what many already knew but preferred to ignore, namely that vast swathes of mortgage-backed financial instruments that had hitherto been a runaway success were based on loans that would never be repaid. Such instruments, designed by Wall Street financial engineers to satisfy the appetite for risk of millions of investors, had produced juicy profits for many, but were now discovered to be largely backed by thin air. In California, one of the most critical US states involved in the mortgage crisis, a substantial proportion of the unpayable loans had been issued to African-Americans and immigrant Mexicans.

The mayhem that followed reveals a great deal about the workings of today's financial systems, particularly with regard to calculation. The measurement of capital, for example, which most of us take to be a straightforward calculation, is itself fraught with ambiguities and grey areas. For one thing, the mere promise of future value is often counted as capital. This is considered normal in economic life. As pointed out by Professor Steve Keen (2001, 141–45), however, the value of a machine—typically regarded as a form of capital—is measured according to price, where future gains to be made with it are included in the calculation. Monetary value, then, is partly based on what the machine is expected to produce. And as we already knew but were made acutely aware of by the mortgage crisis, the attributed value of a house includes calculations of whether its price will rise in the future. Expectations regarding increases in value can, according to prevailing grammars, be counted as "capital."

Using such calculations as "equity" to obtain loans, even in cases where there was an initial mortgage on the house that had not been paid off, was not considered a big deal. The assumption was that once the house was sold, the whole amount would be covered. Borrowing was encouraged based on a calculation of the eventual profit: The more was lent, the more profit would be made. In simplified terms, one could say that the same arithmetic guided stock market actors. Promises of profit from debt were sold and resold, often in packages, which, as I will explain below, might only include derivatives of the transactions.

In what follows, I take the case of a composite household formed by Mexican immigrants in California. The case highlights the dynamic flows of money and social relations that circulate among these immigrants, facilitating but also constraining their everyday economic endeavors. It is important to keep these monetary and social flows and the circuits they inhabit in mind when trying to understand the social and cultural nature of their financial transactions, particularly those related to debt. Despite their similar backgrounds and circumstances, the members of this social group engage in various financial practices and face dissimilar conditions in their incursions into the housing market. Only one of the three members who bought houses lost his investment, and one defaulted on some payments but was able to restructure her debt on several occasions, but all three resorted to "reverse remittances"—money coming from Mexico[1]—in order to meet their payments. This is the focus of the first part of the paper. The second addresses the build-up to the crisis and its implications. The different grammars that operate simultaneously in these scenarios become evident. They frame the calculations[2] of how their predicaments are to be evaluated and tackled.

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Notions of promise, reliability, hazard and risk are critical to these calculations. These acquire particular relevance in volatile markets, often sought after by investors because fluctuations provide an opportunity for good profits. While transactions take place under the understanding that certain financial institutions and market regulators can be trusted, there is an acute awareness that a not-so-calculable amount of risk is entailed. Fear is thus an important component of financial transactions, and parameters are established to curtail hazards. These parameters incorporate classifications of risk-prone categories of people and perilous behaviors. Such classifications necessarily involve social and cultural criteria.

It is in this context that Mexicans and African-Americans (among other categories of people) in the United States were considered "unsafe" clients and hence not eligible for standard loans. Rather, most of them received "sub-prime" loans, which, according to some sources, could cost five times as much as "prime" loans. The banks thus "secured" themselves against the risk of default, which, paradoxically, was an important factor in *bringing about* default. Many questions can be asked concerning the accounting pertaining to the loan defaults, such as why the money banks received as initial payments was left out of their calculations, as was that coming from the sales of loan packages. But this is not the focus of this paper: Enough pages have been written and political debate pursued concerning the greed and immoral behavior of many bankers.

By means of the case of Mexicans caught up in the mortgage crisis, my aim is to examine the workings of frameworks in which people—and institutions—make sense (consciously or not) of social, cultural, and political factors to signify and weigh up their financial options and those of others.

Eva and her "composite family": Intertwined economies

In their everyday lives, Mexican women who have migrated to the United States juggle with multiple economies that cross various kinds of boundaries, including national ones. Such is the case of Eva, a woman who struggles to organize her life in California, but whose livelihood is still very much tied to Mexico. Unlike many other Mexicans, Eva was not under a great deal of economic strain when she crossed the Mexico–US border. She did, however, have great expectations of finding new opportunities to make money.

After they married, Eva and her husband came to form part of what I am labeling a "composite household," something very common among Mexican immigrants to the United States, who crowd together in a single house in order to share expenses, particularly rent, and save money. This household was composed of:

- Eva and her husband;
- Eva's husband's sister: Violeta;
- Violeta's ex-husband's sister Enriqueta;
- Enriqueta's family, comprising:
  - her husband René,
  - her three children and
  - her niece, daughter of a sister who had died.
  - Enriqueta's brother Julián.
- In addition, there was Ernesto, a friend from Violeta's community of origin.

In total there were two couples, four children, a woman who had left her daughter and son with her mother-in-law in Mexico, a single man, and another man who had left his wife and children in Mexico.

The group changed residence and composition on several occasions, following work. At times they all lived in a two-bedroom house, other times they separated, some living in labor camps and others sleeping in their cars. On occasions someone else joined them—Rene's mother and brother, Ernesto's wife, Violeta's nephew—and at times some of them joined other groups.

They first lived in Santa Maria, a town located north of Los Angeles that hosted a number of large producers, as well as worker families from four Mexican states: Michoacán, Guerrero, Jalisco, and Guanajuato.

They worked in agriculture, first, picking strawberries on the coast of Central California and then, when the season was over, they would move north to pick apples in Oregon. It goes without saying that in this type of work they had no contracts, no benefits. They were paid on the basis of daily work. They shared a house, bought groceries together, and solved transportation issues as a group. Here René, who had lived longest in the United States and had bought a car, obtained extra income by charging the rest for the rides to work. Although it was not cheap, they did not complain. It was an expense that they had to cover, whether by paying him or someone else.

Paradoxically, in the fields, where most of the adult members of the family worked during their first years in the United States, it was frequently Mexicans who took on the riskier stages of agricultural production. Hazards such as climate and market prices make agricultural production a dicey enterprise and companies were careful to circumvent the most risk-prone segments of the farming enterprise, often by resorting to different forms of sharecropping, with Mexicans seeking to have a go at the American Dream. In addition to profits from cooling, packing, and marketing, investors could benefit from tax write-offs awarded to agriculture.

Buying a house: the American dream and the debt economy

For the vast majority of Mexicans in California, buying a house was not initially on the agenda. The aim was to work hard, earn money, and return home. This has been very much in line with agricultural employers' interests, who tended to want a constant renewal of strong, young labor. The cultivation of prime quality agricultural products in California also requires a great deal of skill, however. With new technology, land can yield three crops a year. Good workers are hired year-round by the same company, thus encouraging a more permanent settlement of migrants (Palerm 2007; Hernández 2010: 70–83). On the other hand, from the immigrants' point of view, the expected "fortune" that they hope to bring home is hard to acquire. And it is quite humiliating to return, as they say, "empty-handed." Hence, years go by with the expectation that it will get better. Over time, children grow into the American way of life and it becomes more and more difficult to leave.

It is thus difficult to establish with precision when the decision to buy a house is taken, but the first step appears to be acquiring a small trailer, which they park in a friend's or relative's garden. This is what Eva and her husband did. When Eva discovered she was pregnant, she insisted they move out of the composite household. They bought a small trailer, which was parked in the garden of the house they were living in. In this way they had some independence, but still had the support of the household members. The trailer was bought with a loan that Eva obtained from her godmother in Mexico. Such loans were often, as Eva smilingly labeled them, "government loans," meaning that she may or may not pay them back. She said that her godmother never charged interest and almost always told her to keep the money. Her godmother also lent them money so that Eva's husband could buy tools and work as a builder, doing repairs and house extensions. The problem was that, although her husband was good at this job and was also "legal" in the United States, he could not register as a builder because he had only studied up to third grade in Mexico. One of the requirements for registration was training and for that he needed some background education and English. And it was difficult to work without being registered. He was afraid that if he was caught without a registration, his immigration documents could also be taken away from him. Thus although he worked all day fixing houses and was able to buy a truck to transport construction materials, he worked "black" and had to charge prices well below market rates.

In the early 1990s Enriqueta and her husband were offered the possibility of buying a house. Because their level of income did not qualify them for a loan, they bought the house together with her brother (Julián), and her brother in law. Co-ownership was, at the time, very common among Mexican immigrants. Joining their names meant adding their incomes, so they were able to meet the loan criteria. Although real estate agents and bank officers were not nearly as aggressive in offering loans as they would become a decade later, immigrants were encouraged to bypass certain restrictions, as long as they had enough money for the down-payment.

At the beginning Enriqueta, her husband, her sons and niece, Violeta, Julián, René's brother, and his mother all lived in this house. They helped with the payments, Violeta in the form of rent. With much sacrifice, cutting costs where they could, but also doubling their working time, Enriqueta and René were able to save enough money to buy out the other two co-owners and continue making the monthly payments themselves. But more than 15 years later, they continue renting out part of the house to cover these expenses. In their calculations, however, this is still much better than having to pay rent. This house—and the one they managed to build in Mexico (which is uninhabited other than the short weeks they visit every two years)—is the only inheritance they will leave their offspring.

Julián, on the other hand, landed himself a very good job managing a broccoli farm, including taking charge of the machinery, organizing production, and overseeing labor. He married and was soon able to buy a house on his own. His steady job and relatively good income allowed him to qualify for a loan. In 2004, he was still paying for his house, which had increased significantly in value, when a consultant who often came to the farm and had become his friend advised him to use the equity of the house to acquire a loan. Having wanted for some time to start a business of his own, he obtained a loan to buy two lorries. This was not difficult, because offers had been practically thrust in his face for some time now. But, although considering his credit history and his income he would have qualified for a standard loan, he was given a sub-prime loan. Julián believes it was due to his nationality, but he also explains that he was not very familiar with financial institutions and was shy about asking too many questions.

Eva, on the other hand, had always dreamed of a new house. She believed passionately in the "American dream" and considered their difficulties transitory. In 2003 she came across a friend who was a real estate agent and who convinced her that she could buy a house. Her friend did not take her to low income housing, but instead they visited a middle range but

quite elegant-looking residence in San Isidro, close to the Mexican border. Eva says she immediately fell in love with the house, but she hesitated, thinking it would be way beyond her means. The real estate agent, a Mexican American herself who had struggled to acquire training in this profession, convinced her that only by taking risks would she be able to achieve the American Dream.

Eva decided that she would buy the house. The next step was to convince her husband. Knowing that he would disapprove, she did all the paperwork herself and only informed him once the documents were ready. She narrates how she took him to the house, where the real estate agent was already waiting, and said: "this is ours, the documents are ready, you have no option but to sign." And he did. Eva proudly insists that they finally have the house they deserve.

She did not know it at the time, but the loan she had obtained was more expensive than a normal loan. As in the case of Julian, it was a sub-prime loan, given to people not considered a good risk, such as Latinos and African Americans. For the first two years the ("teaser") interest rates were fairly low. This, of course, is typical of sub-prime loans. For the first two years they were not paying off the principal.

In order to meet payments, Eva rented out two rooms. Violeta, her sister-in-law, lived in the garage and another couple occupied one of the bedrooms. The value of the house increased, and with the equity, Eva managed to obtain another loan to buy a vehicle.

But her boarders left in pursuit of work. Eva and her family stayed behind, even though their sources of income were still unstable. But now they could not migrate north to follow the work. Like many other Mexican families in their situation, they were tied to the new house. To make matters more difficult, Eva's daughter got pregnant at 17 and her boyfriend moved in. The couple now have two children, Eva's daughter works at Walmart, and her partner sometimes finds jobs as a gardener. Eva has struggled enormously to make payments, which sometimes exceed their volatile income. They have restructured their debt on two occasions and she has once again taken loans from her godmother in Mexico. Even Violeta has pitched in to help her brother and sister-in-law meet payments.

The mortgage bubble and the crisis

The mortgage bubble encouraged construction companies to build many new houses, particularly in small cities where they could obtain land at reasonable prices. There was an abundance of Mexican labor and roads to allow commuters easy access to big cities. The increase in the housing supply opened up the market to sectors of the population that had previously been excluded because they were considered risky, including, as already mentioned, African Americans and Latinos.

At the beginning, it was win–win for all: real estate agents, banks, construction companies, and Mexican migrants contracted as masons or roofers. Remittances to Mexico were also high at this time. Among Mexicans, *the American dream* was given the hard sell by realtors and banks, which offered low interest rates for the first two years, but did not make it clear that subsequently rates would increase, and failed to inform their clients of various fees. They convinced their clients that the American dream could be obtained only by taking risks.

But the biggest gains were to be had not by the lenders, construction companies, and real estate agents, but the speculators involved in debt swaps. Mortgage debts, as we now know, did not remain with the bank that originated the loan, but were transferred (or "distributed") to third parties, who were willing to take on the risk, betting on the possibility of obtaining larger gains. They bought debt in packages, among which—they may or may not have been aware—there would be some unpayable debts. That was not necessarily a major concern because they, too, often sold them on or used them as collateral to finance other trades. Those acquiring such packages often obtained exponential monetary gains. To complicate the scenario even more, some enterprises created "innovative" financial products called collateralized debt obligations (CDOS), combining cash flow from diverse mortgage instruments or bonds and supposedly based on new techniques in the calculation of risk. In 2006 the market was flooded with such instruments, to an estimated value of almost 500 billion dollars.

But speculators also knew that participants in the stock market could be panicked and that therefore it was important to be in a position to get out as soon as there was any hint of disruption. Soon enough layoffs were being imposed in a great number of US industries, in part due to rising oil prices, Asian competition and the lower cost of labor in Third World countries, as well as losses in the agricultural sector due to climate change led to greater employment instability. This in turn increased the number of loan defaults. It was then that many Mexicans found that their adjustable-rate mortgages had augmented, and that, in addition to payment of the loan and interest, they owed banks other charges, including exaggerated bills for "consultation with experts," legal assistance, and even faxing documents. Cases of bankruptcy were increasing and with them the number of people losing their homes.

Many, particularly Latinos and African Americans, found themselves unable to continue meeting their payments. Racial differentiation played an important role in all this. This is because loans to Mexicans (or in this case Latinos and African Americans) were considered high risk. Hence, they were mostly sub-prime loans, which could be five times more expensive than normal loans and entailed adjustable mortgage rates, set to increase the second or third year.

In California, house prices increased by 51 percent between the end of 2003 and mid-2006. The price rise created an equity buffer that loan beneficiaries could use to refinance their mortgages when payments exceeded their ability to pay. A study carried out by the Consumers Federation in America in January 2008 reports that more than a third of those who had obtained loans to buy a house in California had also taken out a second loan based on the first mortgage.[3]

Another study, by the *Wall Street Journal* (2007), found that, nationally, 61 percent of borrowers who had obtained sub-prime loans would in fact have been entitled to normal loans if their credit history had been taken into account correctly.[4] An analysis by the Federal Reserve and a study by the Center for Responsible Lending claimed that the high costs charged on such loans were not justifiable.[5] They suggested that, in many cases, such high costs were charged on the basis of racial discrimination. More high-interest subprime loans were allotted to Latinos, African Americans, and, in some regions, Asians than to Anglo-American loan recipients. ACORN reports that, in California, 55.3 percent of African American borrowers and 46.6 percent of Hispanics received sub-prime loans in contrast to only 20.4 percent of "white" borrowers. Twice as many Hispanics resorted to refinancing sub-prime loans than did North American "whites."

Between November 2006 and the same month in 2007, house prices in California fell by between 12 and 20 percent, depending on the zone and type of the house. With the "cooling of the market," borrowers who had resorted to second loans based on home equity found themselves "under water," with debts higher than the resale value of their properties. Few could sell or refinance their homes. Later efforts by the mortgage industry to modify such loans were clearly insufficient.

As the situation began to be made public, panic took over Wall Street, with, as we now know, the consequent bankruptcy of a number of large and many small enterprises. Thousands of millions of dollars evaporated in a few weeks, not only among large investors, but also innumerable small debtors, among them a significant number of Mexicans.

At least in the initial stages, government efforts to steady the economy were largely oriented towards boosting sentiment among investors and maintaining interbank lending to encourage consumption.

On the other hand, the exponential increase in remittances to Mexico that had been seen in previous years fell sharply. Part of this can be explained by the expectations surrounding political discussions on the possibility of a new amnesty for illegal immigrants. Mexicans in California began to save up to pay intermediaries offering to help them get the coveted documents that would make them legal. This entailed a reduction in the amount of remittances sent home. But on top of that a large percentage of Mexican immigrants worked in the construction sector, which inevitably suffered from the debt crisis and its domino effects. Mexicans who lost their homes and the money they had invested in them were also constrained in terms of their remittance possibilities, although it should be said that, in many cases, the reduction in remittances began the moment they started redirecting their savings to pay their loans.

On a superficial view, all of those who lost their houses in the mortgage crisis were simply "overindebted." And those, like Eva and Enriqueta, who spend more than 30 percent of their income to pay debts might also come in that category.

Enriqueta has not for a moment doubted that the efforts they have made towards paying for their home are worth it, however. Although in her village in Mexico she could have obtained a larger house with a garden, she has established her life in the United States. Like others who would probably not meet the official criteria to qualify for loans, she takes money from here and there, works extra hours, makes tamales to sell to friends, and moved into one bedroom with her husband, now that her children have married out, renting the other rooms to various Mexicans who come to California seeking work. She feels supported by her network in the Evangelical Church, to which she has become devoted. She talks about the difficulties entailed by repayments, but does not feel overindebted.

While Eva does know that she owes beyond her ability to pay, she also does not regret having acquired a loan and does not feel that the door has closed on her. She will keep struggling. She cannot at present rent out rooms because she only has one available; her daughter is living in one room with her husband and child, and another is used by her son. She prefers to leave the empty one for when her godmother comes to visit from Mexico, because she constantly resorts to her for loans. She has also had to ask for loans from her father in Mexico and has twice restructured her debt. Her conviction of deserving a better life for herself and her family gives her energy to keep going. For-

tunately, she says, she also found a job in Walmart, and her husband has managed to get small contracts here and there because people need to repair their houses and cannot afford more established contractors. Reflecting on her situation, Eva comments that, although women who migrate do not generally aspire to become millionaires, they do want to leave poverty behind. They think that by migrating "north" they will make progress, notwithstanding all the difficulties. She has great faith in the possibilities of making a better life in the United States.

Ironically, it was Julián, the only member of the group who properly met the criteria to qualify for a loan (except perhaps for his nationality), who defaulted. The entrepreneurial "rationality" he had learned in his work on the broccoli farm and "professional advice" encouraged him to take on a large business risk. But like the rest, he was forced to resort to his networks in Mexico and he sold his family's land to try and overcome the situation.

Both Eva and Violeta have resorted to networks to keep their homes, particularly in the form of "reverse remittances" from Mexico. They have taken on loans from friends and family, most of which they have not repaid and some of which they might not be able to repay. Violeta, Enriqueta, Julián, and Enrique have also received "subsidies" in the way of unremunerated care for their close relatives, children, wife, and mother. This shows the pluridimensionality of flows that are directed not only from the United States to Mexico but also from Mexico to the US. There are also flow constraints that are activated in the different grammars of transnational economic interaction. Flows of information are limited within such networks. Many Mexicans could not negotiate standard loans because they did not have information on financial management and fell into the avaricious clutches of bankers and financial intermediaries. Here, the predominant cultural calculations of US society were instrumental. As we have seen, Latinos and African Americans—notwithstanding the election of an African American president—tend to be labelled "untrustworthy" or "risky," which implied elevated costs for borrowers. This shows how, in financial transactions, monetary and non-monetary values and transactions are intertwined. The social fabric forms part of the transaction, while at the same time being reconstructed within its framework. The economy of Mexicans in the United States is woven into this in many ways, but is also embedded in other economies, both local and transnational.

Endnotes

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1 I will discuss "reverse remittances" in more detail below. At this stage it is important to mention that these have seldom been taken into consideration in migration studies. An interesting study carried out by the BBVA bank, for example, calculated Mexican government expenditure on the education of migrants before they left the country. They found that, in the period from 1994 to 2008, Mexico in this way transferred, on average, 6 billion USD per year to the United States, equivalent to half a percentage point of its GDP (México: Situación Migración: 2010: 33).

2 The fact that I am here focusing on calculation is not to imply in any way that people always calculate their options explicitly in order to reach a better decision, as suggested by rational choice theory. Calculations of the kind dealt with here are often an a posteriori exercise in evaluation, and most frequently taken for granted assumptions, such as suggested by Bourdieu's notion of "doxa."

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Financial repertoires in the making: Understanding the US dollar's popularization in Argentina

Mariana Luzzi and Ariel Wilkis

At the beginning of May 2018, after the Federal Reserve Bank had announced an increase in the benchmark interest rate, Argentina experienced a currency crisis that the central bank was unable to quell. As a result, the value of Argentina's currency, the peso, fell nearly by 8 percent in one day against the US dollar, a devaluation noticeably higher than those experienced by other Latin American countries. For several days, in what has become a regular event over the past few decades, journalists eagerly discussed the peso–dollar exchange rate, which also had a prominent place in the news. In one prime time current affairs program, a journalist observed that during the first week of May, 3 percent of Twitter exchanges in Buenos Aires had included the word "dollar," a percentage equivalent to that of New York City.

Although surprising, this statistic on social network exchanges is indicative of a tendency already noted by other sources: According to studies published by the US Treasury more than ten years ago, Argentina was the third country worldwide in terms of its holdings of the US currency, after the United States and Russia (US Department of Treasury 2006).

Even then, however, this did not represent a new trend. Since the mid-twentieth century, the dollar has progressively become a relevant unit of account in Argentina's economy and a fundamental component of the payment infrastructure (Maurer 2015) of various markets, not only those tied to international trade but also others, such as the real estate market. At the same time, the US currency has been gradually incorporated into the financial repertoire (Guyer 2004) of both companies and households, permeating multiple practices of savings, investment, credit, and debt.

When, and at what pace, did this expansion of the US dollar occur in Argentina? What channels or mediums enabled this expansion? In this article, which draws on the tradition of the sociology of money, we propose to bring novel elements into the fold in order to help answer this question.

Since the publication of Viviana Zelizer's pioneering work in the mid-1990s (Zelizer, 1994) and, in the case of anthropology, works that appeared even earlier (Bloch and Parry 1989), both sociologists and anthropologists have offered in-depth explorations of the myriad ways in which people use money. Researchers have established significant connections in personal relationships, institutional contexts, and money transfers (Zelizer, 2005; Guyer, 2004, Maurer, 2006 Fourcade, 2011; Wherry, 2008; Luzzi, 2015; Wilkis, 2017). In *The Social Meaning of Money*, Zelizer reveals the diverse uses and meanings of money, focusing on the processes of earmarking and differentiating between monies, although without examining the acceptance of currency unification around the US dollar. The question of the role of institutional and cultural mediation that helped to make certain currencies more legitimate than others—and fostered certain ways of using these currencies—is thus absent from Zelizer's approach to the sociology of money. In other words, Zelizer takes for granted certain processes that require a profound examination in order to understand monetary practices that are never entirely self-initiated. In this work, we aim to expand on the questions of the sociology of money in order to address the sociohistorical process that allowed the stabilization of ordinary financial repertoires based on the articulation of local and foreign currencies, in Argentina, the peso and the US dollar (Luzzi and Wilkis, 2018).

In our view, the expanded use of the dollar in Argentina is part of a repertoire of financial practices that has become increasingly more intricate and complex since the mid-twentieth century. We will speak of the "popularization" of the dollar to refer to this pro-

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cess. As we understand it here, this popularization entails the interaction of two different dynamics: The increase in the number of social groups that have adopted these monetary practices and the dissemination of the interpretative frameworks that lend legitimacy to such practices. Based on this definition, we argue that towards the end of the 1950s, the dollar started to integrate the financial repertoires of social groups that had previously had only scarce contact with financial and exchange markets. To a great extent, this process depended on the gradual construction of the US currency as a pop culture artifact, that is, as something familiar, easy to decode, and capable of providing cognitive, emotional, and practical guidance to people from different social and economic backgrounds.

Although the process we analyze extends over several decades, in this work we focus exclusively on its initial phase, which we have dated from 1958 to 1962. Both economic and political factors influenced our dating of the period, as these were years in which a limited democracy was reinstated in Argentina and important economic reforms were made, including the reorganization of the financial system, the opening up of the market to foreign investment, and the first IMF intervention in Argentina. At the same time, the period that we study here is characterized by a gradual liberalization of the currency market nearly three decades after the first currency exchange controls were implemented. In addition, there were two major devaluations, one at the end of 1958 and the second in the first half of 1962, introducing an economic dynamic that would continue until at least the middle of the next decade.[1]

Our research is focused on a corpus of news articles and advertisements published in national newspapers and economic and financial journals between 1958 and 1962. Working with a series of previously identified periods, we compiled information and analyses on economic policy, exchange market dynamics, and inflation; at the same time, we gathered advertisements that refer to the dollar either in the prices published or in the sales pitch. In this analysis, the press is viewed not only as a relevant source of information but also as a venue for legitimizing new entry points and ways of participating in the "exchange business." At the same time, the press is seen as an important agent for the popularization of this business, as it helps integrate new social groups.

Our analysis is developed as follows. In the first section, we focus on the transformations noted in the media coverage of the exchange market at moments of intense economic and political turbulence. The media analysis reveals new ways of narrating and forming opinions that gradually become frameworks for interpreting and endorsing both the legal and illegal "exchange business." The second section focuses on the way in which discussions of the economy and advertisements from the period incorporate references to the US dollar, even in relation to processes unrelated to foreign trade or the exchange market. This will help show how the US currency gradually became a device used by a range of social groups acting in diverse contexts. Finally, the conclusion reevaluates the analyses presented in the previous sections in view of what we refer to as the first popularization of the dollar in Argentina in the twentieth century.

Media coverage of the exchange market: Expert knowledge and everyday life

I believe that all of us have become financiers for a very specific reason. Think about it like this: when a guy used to have some money put away, he would open up a little factory or shop, he'd buy some land and raise chickens or plant tomatoes—those things people do in poor countries. Here, though, everything is different. You've seen San Martín Street, where the exchange offices are located: Everyone is outside staring at the board. Workmen, masons, field hands, tailors, musicians, artists. Guys who used to work hard have now become economists and they're all standing there with a bundle of money. As soon as the exchange rate changes up on the board, they push their way into the office. One calls out, "Give me three dollars." Another says, "Give me four dollars." They run out and go into another exchange office and before they go home that day, they've sold their dollars. They spend the whole day doing that, buying and selling, and when they get home, exhausted, they collapse onto the couch, pull out the money and count it, and say, "Honey, honey, get this! I made 14 bucks today without doing a thing!"
(Tato Bores, comedy sketch on the program *Siempre en domingo*, Channel 9, broadcast on August 30, 1962)

Tato Bores was a famous Argentine comedian who joked ironically about Argentina's politics and economy in a weekly show he hosted for decades. This comedy sketch from 1962 was the first time he had addressed what would become a regular topic on his program. After describing the peso's recent devaluation and the liberalization of the exchange market, he provided his audiences with a novel image of themselves, ironically characterizing "all Argentines" as "financiers" who followed the fluctuations in the peso–dollar rate on the boards outside the exchange office.

In this brief skit, Bores brought into the public eye a change from the beginning of the decade, which would increasingly take hold in the years to come.

This change was the gradual incorporation of the US dollar in the repertoire of Argentine financial practices and its establishment as a benchmark that was increasingly intelligible, in both economic and political terms, for broader sectors of the population.

The situation had been quite different in previous decades. In the debates and conflicts surrounding the first exchange control measures adopted at the beginning of the 1930s, the world of foreign currency was almost exclusively related to the relations between economic elites and the state. The incidence of other social sectors, such as immigrants, who sent remittances to their countries of origin, was not deemed relevant for public debate. A decade later, the situation remained virtually unchanged.

The comedy sketch cited above can thus be viewed as evidence of a new relationship between popular culture, financial practices, and the exchange market that had begun at the end of the 1950s and the beginning of the 1960s. It was a relationship that would blossom in the decades to follow. More specifically, the sketch can also be understood as an expression of the monetary pedagogy (Neiburg, 2006) that gave broad swathes of the population a foot in the door and participation in the exchange market beginning in the 1960s. This economic pedagogy help to integrate the US dollar in the financial repertoire of agents with little experience in this universe. These lessons, and more generally, the devices that guide, prepare, and train the agents to move within the new borders of financial markets (Preda 2009), will be the topic of the following section.

New journalism and "la City"

By August 1962, when the Tato Bores comedy sketch aired, newspaper readers in Buenos Aires were becoming familiar with the landscape of "la City."[2] In fact, at the end of the 1950s, the peso–dollar exchange rate had been added to the cover of local newspapers, as the progressive liberalization of the exchange market took place and the exchange rate started to show sharp oscillations. As these transformations occurred, the day-to-day movements of the exchange market became a regular topic in the media. In fact, over the following decade, media outlets no longer limited their coverage of the dollar to charts in the Business section but also began to publish stories on exchange market transactions and their outcomes in the style of New Journalism. A group of recurring actors appears in these pieces, though their prominence in the stories varies over time. These include the large public banks that buy or sell large quantities of currency; the Industrial Bank (Banco Industrial), which guarantees imports; and meat and/or grain exporters, which liquidate or withhold the amounts corresponding to their sales abroad. In these cases, the protagonists are major players on the market, generally with some relationship to the state, who operate with what was referred to at the time as *dólar giro* or *dólar transferencia* (the dollar at an exchange rate negotiated via banks). There is, however, another character who plays a smaller part and is more commonly found in the exchange offices operating with the *dólar billete* (cash). This minor character, who makes a small percentage buying and selling currency, is involved in what is known as *especulación hormiga* or *pequeña especulación* (two-bit speculation). Always a male figure during this period, he is someone who seizes on the opportunity to do business at times of currency turbulence, such as amendments to exchange market regulations or a sudden devaluation of the peso, or during political upheavals, when members of the economic team and/or high-ranking officials are replaced.

The launch of the Stabilization Plan (Plan de Estabilización) in December 1958 during the country's first major negotiation with the IMF undoubtedly marked a turning point in national media coverage of the exchange market. After several months of dollar jumps, the government's decision to eliminate all foreign exchange controls after a thirteen-day freeze on exchange operations was not only widely covered in the press, but also reported on in a whole new way. For the first time, news on the exchange market was not just a series of numbers, but instead compiled images and feelings tied to this market. In photographs, crowds are seen pushed up against the glass windows of exchange offices in downtown Buenos Aires, some anxious to see the peso–dollar rate and others eager to complete a transaction. The expectation overshadowed not only the visuals but also the tone of the articles:

> When exchange market transactions resume this morning, after nearly a two-week freeze imposed in order to give the system a chance to adapt to the distressing reality of Argentina's economy today, the country will feel its heart beating to the rhythm of the numbers constantly changing up on the board. The meticulous clatter of the switchboards in the nerve center of the money business and the murmuring crowds pushing their way into the exchange offices will offer a glimpse of the initial reaction to the myriad and complex elements involved in attempting to reconstruct the Argentine peso after nearly three decades in which it languished beneath the guise of government controls and contrived exchange rates. (*La Nación,* 11/1/1959)

Two days later, there are three recurring elements in the photographs published in the principal Buenos Aires newspapers. These are the crowds on the main

thoroughfare of "la City," accentuated through overhead shots; the pedestrians pushing up to the windows of the exchange office to look inside; and the desks teeming with clients inside the offices. With the exception of panoramic shots that show the boards outside the offices and the crowds in front of them, the photographs are generally close-ups that emphasize the attitude of the people elbowing their way over to the windows and desks. These are generally men dressed in suits, often wearing hats, presumably office workers. The photographs reveal the avid interest in the fluctuating exchange rates on the board; the apprehension in the questions posed to the exchange office workers; and the enthusiastic chatter between strangers standing in front of the offices.

In terms of the way the customers are described, both of the papers surveyed describe them as small-time speculators:

> There was confusion on the sidewalk of San Martín Street, the street where the small-time, controversial speculators often gather; there was hope among the economists in the highest echelons of government; and there was expectation and calm in the field of high finance. The dollar talked numbers and at the end of the business day, it stood at AR$66.60 according to the BNA, AR$66.20 for countries with bilateral trade agreements, and AR$68.80 at the desks of the exchange offices. (*La Nación,* 13/1/1959)

> At 12:15 pm the people had already overrun the offices of the exchange agencies. The demand of the small investors (or should we say *especulación hormiga*?) far exceeded the capacity of the personnel. There are a growing number of employees to respond to the requests. At 67! At 68! At 69! … The people standing at the back push forward to avoid losing their place in line. (*Clarín*, 13/1/1959)

Throughout the 1960s, this type of description can be found in the press in response to any oscillation in the exchange market, engendering a particular type of story with its accompanying images. In April 1962, for example, a new devaluation would bring the photographs from San Martín Street back onto the front pages. As in the pictures published three years earlier, groups of men in suits are again crowded in front of the exchange rate boards. In some close-ups, the anxiety on their faces is apparent.

The recurring images of the office windows and exchange rate boards underscore the sense of apprehension and expectation created by the successive reopening of the exchange markets after the announcement of major changes to market regulations. But they also draw attention to a figure who will become increasingly common: The curious onlooker. The fact is, it is difficult to believe that all those crowded outside the office windows are potential buyers or sellers of foreign currency. The crowd undoubtedly includes some regular exchange office customers, but there are also passers-by and office workers interested in seeing the exchange rate for themselves, and in bearing witness to the market's fluctuations. The exchange market is thus more than an arena in which specific transactions take place; it is gradually transformed into a spectacle in which the US dollar exchange rate plays a starring role. In these years, the exchange market ceases to be an impenetrable universe inhabited only by knowledgeable players, such as state and corporate actors, and opens up to the newly arrived "pocket economists" (*economistas de bolsillo).* On the other hand, the US dollar exchange rate becomes a number comprehensible to an ever-increasing public, a figure meaningful not only to those who deal in currencies but also the simply curious.

It is possible to posit, then, that a new exchange market narrative was consolidated during this period. In this narrative, currency becomes more than just numbers, unfolding in a series of texts and images that provide the average reader with familiar references for what was once expressed solely as a figure on a chart. The stories and photographs that now accompany the numbers furnish a landscape in which exchange market transactions can be situated. Although not all these transactions take place in the same location, the exchange offices of "la City" gradually become the setting par excellence for foreign exchange. At the same time, these representations help put a face, or at least a body, on these market players, allowing corporate actors to be distinguished from those who play only bit parts. Finally, these narratives provide insight into the mechanisms that make these transactions possible, using multiple resources—especially written descriptions of sounds—to describe technical devices and procedures; for example, the "clatter of the switchboards" conveys that the dynamics of supply and demand are expressed not only on the boards but also—and above all—via telephone, connecting actors in different locations.

This often prosaic tale of the workings of "la City" is employed especially at moments of crisis, which are, on the other hand, those deemed important enough as stories to include a photograph as part of the coverage of financial activities. Such media stories play a central role in allowing readers to internalize certain economic practices, the sites at which these practices take place, and their actors. In this regard, the media provides what could be referred to as lessons in finance that will take different forms in the mass media over the years.

In addition to the New Journalism stories, another type of reporting involved newspaper columns

written by specialists whose names appeared beneath the text, thus emphasizing their status as an authorized, recognizable voice. Although the newspapers did not introduce these columns all at once, they began to appear in course of the 1960s; before this, such columns had appeared exclusively in economic journals, which were also popular during these years. In the first half of the 1960s, the Business section of the Sunday edition of the newspaper *Clarín* would incorporate two regular columns, entitled "Dólar" and "Circulante" ("Dollar" and "Circulation"). Facing one another on opposite pages, both had a similar structure, were edited by a well-known expert, and began with statistics that were published weekly. In the case of "Dólar," the column began with a chart showing the exchange rate of the US dollar over the past week, which was always the reference period of the article. The "Circulante" column began with a small graph entitled "Where does our money go?," which specified how money in circulation was currently distributed between government, private activity, currency reserves, and "other." The two columns provided summaries of indicators viewed as key to understanding the ups and downs of the national economy; at the same time, both reveal a desire to provide a relatively broad readership with statements by an expert, as seen in the regular reference to statistics and the use of strikingly technical vocabulary. These columns often reveal the tension between an urge to deftly critique the technical measures adopted by the teams that were replacing one another in rapid succession at the Ministry of the Economy, on one hand, and the desire to make the secrets of the workings of specific markets comprehensible to the average reader, on the other. Thus, in addition to technical-political descriptions, the "Dólar" column often included practical explanations of the mechanisms most frequently mentioned, although not explained, in the more cursory daily coverage of the exchange market in the daily news.

> In Thursday's edition of *Clarín*, we have already explained one of the mechanisms used by speculators to protect their interests. This is the so-called currency future, a type of contract in which the seller agrees to sell the currencies to the buyer at expiration. (*Clarín*, 3/6/1962)

> It's important to stay on top of the exchange market, especially because transactions on this market often involve speculation. During the trading hours on Monday, many transactions were done using a technique known as "merry-go-round dollar" (*dólar calesita*), in which a purchase is made at one price and then a sale at a higher price. This transaction can be repeated as many times as the exchange rate rises and yields incalculable profit margins. (*Clarín*, 1/7/1962)

In summary, both the New Journalism stories on the exchange market, as well as columns written by experts contribute to the gradual configuration of an ever-increasing space dedicated to economic affairs in the country's top print media sources. This opening up goes beyond the increase in the quantity of information or its positioning, both of which can also be seen in the same period, and involves a progressive transformation of the approach to such news. Once reserved for the "business world," foreign exchange market news is expanded to incorporate other potential readers, including "curious onlookers." As opposed to (major) market players, these are the people who have just begun to read the Business section because of what it says not only about the economy, but about national political life.

From the Bolsa Negra to the Parallel Market

The entry of the exchange market into daily news stories is accompanied by other transformations in the way the media reported on foreign currency, including a shift in the depiction of the illegal foreign exchange business.

At the beginning of the 1930s, the first foreign exchange controls rapidly led to an illegal currency market that rarely made the news. Referred to as the *bolsa negra*, this black market appeared in the Crime section from time to time until the end of the 1940s, but only when the authorities successfully managed to intercept and/or temporarily disband the networks that kept the market running. While denouncing the abuses and the unscrupulous nature of the *bolsa negra*, these news items also reveal the dynamics of this illegal business. It was always constructed on intricate connections with the formal exchange market and the state, as revealed by the figures arrested in each sting operation, including forex brokers, bank employees and managers, exchange office owners, and public officials from different departments.

Starting at the end of the 1950s, the tone of these narratives about the illegal market changed. The illegal market was no longer a dark, hidden universe described in disparaging tones. Instead, it was a sphere connected and relevant to the exchange market, particularly with regard to the benchmarks it provided. Thus, even before the liberalization of the exchange market in October 1955 (and also before the freezes on all exchange transactions that preceded each overhaul of the regulations), the rates of the US currency on what was now referred to as the "parallel market" or "collateral sector" would be essential for assessing the value of the dollar once the official market reopened. In the days after Frondizi's Stabilization Plan was announced, the press reported on events as follows:

Though official transactions have been suspended, there were clear signs that the parallel market is thriving, especially in the positions liquidated at month end, which were generally done at between AR$66 and AR$67 pesos per dollar on Tuesday and Wednesday. Yesterday, *this vigorous sector within the currency business* continued operating, though to a limited degree, and most of the transactions were carried out at a selling price of between AR$68.50 and AR$69 pesos. (*La Nación*, 4/1/1959; authors' emphasis)

A similar observation was made years later, a few days before the first issue of government bonds:

Given the confirmation that no activity was to take place on the holiday, an attempt was made to develop a collateral market for transactions. The dry runs were limited to the exchange of limited quantities of currency and in general, the price agreed to for the exchange did not exceed AR$124 per US dollar.
Although the volume was small, these street rehearsals served to show that it is possible to exceed the maximums of the US dollar exchange rates reached on Friday. (*Clarín*, 3/7/1962)

This change in the depiction of the illegal market accompanied the consolidation of its transactions, which generated the need to explain its workings to the average reader. The normalized depiction of the parallel market as an often vigorously active part of the exchange market, whose legitimacy goes unquestioned by the press, takes place progressively over the course of the decade. At those times when access to the official market was limited to certain transactions, the newspapers focused more on the illegal market, and went so far as to publish the exchange rates from both markets daily.

If we think about the popularization of the dollar in Argentina as a process that takes shape over time, we can see how it reflects macroeconomic dynamics and political trends, and a series of practical and symbolic mediations. The changes in the media coverage noted here undoubtedly played a key role in this process. As we will see below, these transformations apply not only to the exchange market but also to the way in which the print media incorporates references to the dollar in other stories.

Using the dollar to talk about prices

At the end of 1958 and the beginning of 1959, in a context marked by a major devaluation and the liberalization of the exchange market, a national paper came up with a novel way of referring to the hike in prices of basic household items such as beef. On the cover of December 17, 1958, one of the highlighted stories was summarized as follows: "Tenderloin: US$ … In Buenos Aires, the price of a kilo of tenderloin is pitted against the dollar exchange rate. Yesterday, on the butcher's price board, tenderloin cost AR$60. On the exchange rate boards, the dollar closed yesterday at AR$67.30. Tenderloin had gone up AR$30, while the dollar has risen AR$4.60 in the past 48 hours," (*Clarín*, 17/12/1958). At the end of that year, the government implemented a series of measures aimed at stabilizing the economy and putting a brake on inflation. One such measure was the liberalization of the foreign exchange market, preceded by a freeze on all transactions from December 30 to January 12. A few days before that date, in a text box on the cover with a list of different items whose price was climbing, the connection between tenderloin and the dollar was made yet again: "The most recent dollar exchange rate—before the recent economic changes—was AR$69. We wanted to remind you of that because it's likely that today, beef will break the peso-dollar barrier and enter a new orbit: the beef-dollar" (Clarín, 12/1/1958).

By drawing this parallel between the value of the US currency and the price of a beef cut in order to highlight the rise in prices, the daily *Clarín* reveals yet another dimension of the dollar's first popularization in Argentine society. We have analyzed how the coverage of the foreign exchange market was done in a way that allowed it to become familiar to increasingly broader segments of the population. The series "Tenderloin-dollar" (*Lomo-dólar*) reveals how the US currency became a reference not only for forex experts and *especuladores hormigas*, but for housewives as well. While the coverage of the foreign exchange market gradually turned "la City" into a familiar setting—no longer the distant realm of the elite—this series moves the dollar outside its usual habitat of the foreign exchange office, bringing it into the sphere of the household and the decisions of homemakers. By using the dollar to gauge the value of beef, the US dollar enters into daily life and becomes part of family budgeting. In response to the rise in the cost of a kilo of tenderloin, which had become as expensive as the dollar, consumers could choose a more economical item, such as fish.

For this reason, this series also contributed to building "familiarity" with the dollar; its exchange rate could now be decoded by a broader public. In the context of the end of the 1950s, this way of presenting the rise in the price of household goods such as beef carries a lesson: By noting that the price of tenderloin can climb as high as the dollar, it helps convey the "exorbitant" rise in prices.

The "*lomo-dólar*" series thus provides insight into the way in which this currency begins to function

as an "artifact" that allows for interpretations and calculations that go far beyond currency exchange. Naturally, the popularization of the dollar entailed two parallel processes. As the foreign exchange market became increasingly familiar, the uses of the US currency also began to exceed this sphere. We will now analyze these two facets of the first popularization of the dollar's uses by examining a set of print advertisements that ran during the same period. According to Carassai (2014), the 1960s was a decade of explosive growth in advertising in Argentina, which provides particular insight into the making of a modern-day mass media apparatus. In this section, we will examine these advertisements by considering their ability to assume—and to perform—financial repertoires in which the dollar occupies different roles for different agents, both on and beyond the foreign exchange market.

The contrast with the period 1930–1955 serves to highlight the changes that occurred at the end of the 1950s. In those years, the few ads that include references to foreign currency were run by foreign exchange offices, and the dollar does not stand out from among the other currencies. This style of advertisement contrasts with the kind that took up a full page in the paper on December 18, 1958, in which a construction company with branches in three cities of Argentina is offering lots on credit in the beach town of Mar del Plata, the country's principal holiday destination (*Clarín,* 18/12/1958).

The ad consists of three panels in which a man appears with a hat and cane accompanied by three different images: a dollar bill, a peso bill, and a bird's eye view of a lot. Between the end of the 1950s and the 1970s, building and buying real estate on Argentina's coast was promoted as a strategy to protect the value of one's money in a context of growing inflation and a financial system with few appealing investment options (Corso 2014). This ad, then, offers potential investors the chance to purchase land in Mar del Plata and suggests they consider the price of the US dollar as a benchmark; it thus promotes a calculation that allow a reader to conclude that buying a lot is the best investment, the sure way to "save your money from devaluation." In a pedagogical tone, the advertisement explains to the prospective buyer that "you and the dollar have a close relationship." In this way, the dollar becomes a benchmark for the equations of even amateur investors, besides promoting the use of the dollar outside the realm in which this currency was most commonly used for transactions.

Another series of newspaper and magazine ads from the end of the 1950s and the beginning of the 1960s are indicative and contribute to the dollar being accepted as a benchmark for goods outside foreign trade or the currency market. At the end of the 1950s, the cost of airline tickets began to be published in dollars. In February 1958, an ad by Cinta Chilean Airlines promoted round-trip flights to New York for US$420 and to Miami for US$345. A year later, an Aerolíneas Peruanas ad run in the same newspaper announced: "To Mexico. The shortest route. The cheapest fare. US$432 round trip. Ask your travel agent." It is likely that the package tours brought the cost of traveling down, benefitting middle and upper class consumers; in July 1962, an ad for the agency Viajes Salvatierra promised a "grand tour" to Europe where a traveler could spend "128 unforgettable days" for US$1,695. The ad also mentions a "dream tour" to the Orient for "64 unforgettable days" at a cost of US$3,250; a "Pan American jet" would fly the passengers to their destination for this tour. The advertisements of financial institutions also began to incorporate references to the dollar during the 1960s. For example, in the context of the reopening of the foreign exchange market in April 1962, ads were run to try to bring in potential customers with foreign currency. Banco Popular Argentino appealed to them as follows: "If you have foreign currency in Argentina or abroad, get a GOOD INTEREST rate." Months later, the same bank ran another ad in the same paper but in the following terms: "DON'T TAKE YOUR FOREIGN CURRENCY ABROAD. Collaborate with national recovery and get profitable interest rates on your deposits" (*Clarín,* 15/7/1962).

As with the series "*lomo-dólar*", all of these ads contribute to making the US currency a benchmark in the national economy. Whether for real estate or tourism, for the purchase of a lot in Mar del Plata or a trip to the United States, Europe, or the Middle East, or for bank investments, the dollar gradually became a compass, allowing Argentines to navigate the universes of different transactions.

Final considerations

The changes noted between the end of the 1950s and during the following decade in the way the media covered economic topics had an impact on the language, themes, and figures that helped to redefine the borders of the foreign exchange market in Argentina. The print press and advertisements during the period, as shown here, contributed to making the dollar a benchmark for heterogeneous markets and diverse publics. The media became the setting for a campaign of a veritable money pedagogy that provided frameworks for interpreting and evaluating the dollar as a key to maneuvering new incidences of economic turbulence.

During the years examined here, a novel relationship began to unfold between popular culture, financial practices, and the exchange market. The

making of the dollar into a general point of reference in the economy by the press, advertising, and also television thus fosters a consideration of popular culture's role in establishing the US currency as a resource in the financial practices of diverse social groups. This is done through a historical process of economic socialization and the establishment of financial repertoires that are socially produced and culturally significant.

The understanding of this initial phase of the dollar's popularization in Argentina required us to go beyond the observation of money uses and differentiation as analyzed by Zelizer. In the case studied by the author, a single currency (the US dollar) issued exclusively by the US federal state had legitimately achieved dominion over US territory. Zelizer's analysis of the use of this currency by individuals and households thus begins by accepting the currency itself as a given, without delving into the cultural and institutional mediations that enabled its acceptance. The understanding of the popularization of the dollar in Argentina, in contrast, brings the need for another approach. The interpretation we proposed here involved analyzing the way in which the US currency was established—in public culture and in ordinary financial repertoires—as a competent currency that served as a supplement to the national currency (the peso).

Through this contribution, we have shown that the scope and interpretative capacity of the sociology of money can be expanded when focusing not only on the multiple uses and meanings of money, as proposed by Zelizer, but also the cognitive operations that make such practices possible, as well as the cultural and institutional mediations that help build their legitimacy. It is our hope to have contributed in this work to this new objective within the sociology of money.

Endnotes

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1 In 1955, a military coup overthrew the government of President Juan D. Perón (1946–1952; 1952–1955). Three years later, new elections marked the restoration of a limited form of democracy. The Peronist party was banned from participating in these elections and the armed forces exercised a good degree of control over all of the democratically elected administrations of the period (Cavarozzi, 2009). In terms of the economy, this was a period characterized by recurring crises in the country's balance of payments, attributed to what some authors have referred to as unbalanced production structures (Diamand, 1972; Bresser Pereira, 2008).

2 The Buenos Aires financial district has been commonly referred to as "la City" since the end of the nineteenth century, reflecting the historical British influence on Argentina's economy (London's financial district is still known as "the City").

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Debt management by young couples from Santiago, Chile: From family networks towards the financial system

Lorena Pérez-Roa

On the morning of February 13, 2017, Cristián, a 28-year-old civil engineering graduate of the Universidad de Chile, tried to rob a bank. He was wearing a pajama top, shorts, and sneakers. He had a kitchen knife in his hand and shouted "I want 25 million!" (about USD 50,000). The police caught him as he was trying to escape. One month later, the young man was interviewed by the press while in custody at Jail Number One in Santiago. According to his account, he was desperately trying to solve his economic problems. He owed 25 million pesos to various banks and department stores. He had a mortgage, student loans, and some consumer credit he had obtained in order to help some friends, who had not paid him back. His creditors were relentlessly pursuing him by phone, daily. He was not sleeping because he was constantly wracking his brains about what to do. He didn't seek help from his parents or in-laws due to the embarrassment he felt. Indeed, he never told anyone the full extent of his situation. The previous week he had played the *Loto* and the *Kino* (Chilean lottery games of chance), and on the morning of his failed robbery he realized that he had not won. His head "short circuited" and without a thought, he went to the kitchen, grabbed a knife, and went out to rob a bank.[1]

How is it possible that a young professional, educated at an elite high school and who had graduated from one of the top universities in Chile could decide to rob a bank to solve his debt problems? Although the answer to that is beyond the scope of this article, it does help to provide context to our study. Cristián, just like the members of the other couples interviewed for our work, is part of a generation of young people in Chile who were born during the imposition of a neoliberal economic and political model that was characterized by the privatization of state assets and the opening up of economic markets (Garretón 2012). The privatization of social protection systems and the education, health care, and pension systems, along with other services, led to economic rupture and a deep transformation of social relations. For the younger generation, access to goods and services came to depend almost exclusively on the income of their immediate families. Many youths like Cristián were able to get a university education thanks to the financial support of their parents or by taking on university loans administered by the private banking sector.

On the other hand, a large part of this generation of young adults grew up in a context of moral conservatism and a loss of civil liberties as a result of the dictatorship, which were oddly combined with increasingly open markets and amplification of the credit market (Pérez-Roa 2014). Policies to open up credit have aggressively promoted access to credit among young Chileans. As a result, these young people have grown more tolerant and accepting of indebtedness as a regular way of obtaining the goods and services they desire (Denegri 2007).

What perhaps sets Chilean society apart from other neoliberal societies is the solitary way in which individuals tend to handle the processes related to growing consumption. This lack of any institutional system that could protect individuals in their economic behavior has been made clear by recent financial scandals involving "La Polar," a commercial retail company that created a system of unilateral debt reorganization (Alfaro, Polanco, Sanfuentes 2012), the collusion of pharmacies (2007, 2015), and even the many people who joined the student movement in 2012 under the slogan "no to profiteering" (Mayol 2012; Figueroa 2013). All these cases have shown the vulnerability of consumers to the credit market and led to a reaction by public institutions (creation of SERNAC,

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the National Consumer Service for finance, a new bankruptcy and reorganization law, a legal solution for student debtors, and more). They also demonstrate how financial risk has been transferred directly to individual consumers (Lazaratto 2011). The unilateral debt renegotiation systems (Alfaro and Polanco 2012), elevated interest rates, and the annually recurring demand for cosigners for higher education financing (Pérez-Roa, 2014a; Pérez-Roa, 2014b; Pérez, 2015) are clear examples of how credit institutions directly transferred the financial risk entailed by opening up the credit market to individuals from more disadvantaged social strata and their families.

To study the situation in Chile, characterized by expansion of the credit market (González 2015; Marambio 2017), the broad amplification of student credit as a way to access higher education (Pérez-Roa 2014; González 2017), and a lack of institutional protection in the credit market, this article proposes an exploration of the debt payment strategies of young professional couples in Santiago de Chile. We ask about the situation of those who "play by the rules of the game": they have had a university education, have formal employment, and consumer aspirations that mirror the behavior of the wealthy classes (Ruiz and Boccardo 2015). We are particularly interested in delving into the experience of young couples between 25 and 40 years of age. We argue that by exploring their payment strategies we will be able to understand what resources such young people have for repaying their debts, how they go about this, and their justifications for going into debt. In earlier work we observed how these young people access credit, especially student loans, and the social relationships that are woven as a result of addressing the demands imposed by banks (see: Pérez-Roa 2014). In this work we go into detail concerning the payment strategies, in other words, the actions planned or agreed to by young couples with a view to meeting their financial commitments.

The article is structured in two sections. First, we present a brief methodological overview of the research project, then discuss the principal results in terms of the primary resources the young couples use to meet their debts, which include family networks, friend networks, and a broadening of their scope of financial resources. The results depict how their close family and friend networks support couples in meeting their financial commitments. Use of these exchange networks affects couples' debt trajectories and their ability to cope with them – or not. Couples that receive no economic support from their families tend to use other financial resources and/or increase their workloads. They end up in a situation of greater uncertainty and lack of protection compared with couples that do have close support networks.

A few methodological considerations

This article forms part of the first phase of the project "The odyssey of making it to the end of the month: Debt payment strategies of young, middle-class families in Santiago and Concepción," with funding from the National Fund for Scientific and Technological Development (FONDECYT research initiation No. 11150161). The aim is to study the strategies that young, middle class families use to cope with their problematic indebtedness.

Cases of couples in Santiago, Chile are presented in this article. Using a qualitative methodological strategy, 20 semi-structured interviews were conducted with young, middle-class couples. These couples had to be Santiago residents between the ages of 25 and 40 and at least one member had to be a professional and a graduate of post-secondary studies, who at the time of the interview was regularly employed. Being in a partnership, living under the same roof, and sharing expenses was a prerequisite for participation. The couples were chosen through three main methods. (1) Individuals were contacted after filling out an online survey; they were asked to leave their contact details if they were interested in participating in the study; (2) through an invitation shared via social media; and (3) some interviewed couples referred us to other couples they know. We focused on couples because we are interested in observing and analyzing the dynamics established between the two members in terms of their strategies, priorities, and decisions about repayments and debt. We have observed a gender difference when it comes to managing money and debt, which becomes apparent when couple and family relationships are investigated (Valentine 1999).

The interviews were held between March and August of 2017 and lasted approximately one hour, using open questions. The qualitative interviews sought to establish an educational and employment trajectory, and also to delve into the couple's money issues and bills, as well as their experiences of indebtedness. The specific goal was for both participants to give a timeline of their debt trajectories as a function of specific milestones that bifurcated their path (Bidart 2006). These milestones or bifurcations were determined using what the literature on the subject calls the "indebtedness cycle" (Duhaime 2001, 2003). It is marked by the following occurrences: "entry into indebtedness" (characterization of the family's socio-economic status, educational path characteristics, process of accessing credit, and so on); "breaking point" (Duhaime, 2003), or the point at which the debt becomes a problem (birth of children, job changes,

family structure changes); and "exit strategies," which describe how they plan to resolve their indebtedness. The interviews were done using semi-structured, open questions that addressed the following topics: *income and expenses, family budget, financial knowledge, savings behavior, debt, payment strategies, liquidity strategies, home and housework, support networks, neighborhood, financial knowledge of the immediate families, aspirations for mobility* (Tach and Greene 2014). Detailed information on debt types and repayment amounts for each member of the family, as well as information on the amounts in default were also collected.

Some of the interviews were held in public spaces (parks, cafes) if the couples felt comfortable, while others were done in their homes. Prior to each interview, each couple was told what the research goals were. Then they signed participation consent forms. Lastly, the interviews were transcribed and analyzed using a thematic analysis technique (Paillé and Mucchielli 2008). The information was themed sequentially so as to be able to rearrange and examine the discourses of the subjects addressed in the body of the research. In light of the informed consent that each participant gave before conducting the interview, and the ethics to which this study adheres, the participants' names were changed.

The family network: Money, caretaking, and financial instruments

Pablo (35, commercial engineer) and Carla (28, phonoaudiologist) have been living at Pablo's mother's house for a little over a year. Living with his mom is a way to save money, get help in caring for their two daughters, and maintain the amenities that come with living in an upper middle-class neighborhood in Santiago. Their lack of job stability, however, together with what they qualify as "bad decisions," have put them in a critical indebtedness situation. Pablo sold an apartment that he owned and his automobile to try to get out of debt, but it wasn't enough. The health complications that affected Carla when their second daughter was born obliged them to make the decision to reduce their expenses and go to live with Pablo's mother. Just like Carla and Pablo, many couples have had to turn to their family networks for help in handling uncertain economic contexts. Catalina (38, psychologist) and Gustavo (29, social worker) started a business with her father's support. Andrea (33, social worker) and Tomás (35, psychologist) receive merchandise from her father's small store, while Tomás (35) helps out with the business in various ways. In the case of Ana (29) and Ricardo (30), the latter's father was crucial in providing them with financial support to meet the expenses associated with beginning their life as a couple.

Generally, in Latin America, families are the starting point of all social networks of exchange (Lomnitz 1998). Some studies maintain that, despite their individualistic nature, families do develop forms of intra-family support to manage economic crises (Carney et al. 2014). Social networks of exchange are survival strategies that enable families – especially the poorest – to redistribute scarce resources and insufficient services, build collective security against threats coming from the formal system, and also serve as resources in case of emergency. Exchange networks are key for understanding social integration processes in Latin America. Social cohesion in Latin American countries tends to spring from social links instead of institutions, as tends to be the case in European societies (Martuccelli 2010). The family network is a central support for helping with labor market participation, the process of becoming independent (Hardgrove et al. 2015), and economic crises that may confront young couples. This may be due to direct financial support or the provision of accommodation and childcare. The family serves as an exchange network and provides fundamental protection when it comes to economic difficulties and insecurity.

This support is not strictly limited to sharing money and caretaking duties, however, but can also serve as a means of accessing credit. Given his default status, Pablo (35, commercial engineer) had no access to the credit system, but he can access it via his mother's store and credit cards. "Right now, we have the credit help I asked my mom for. In the end I'm paying it back, but I also know that I'm using up the financial means of a woman who is already 65 years old" (Pablo, 35). In the case of Vicente (25, technician) and Consuelo (26, technician) they obtained a loan through the latter's mom so they could pay off their debts, while Laura (29, lawyer) and Pedro (31, technician) obtained loans through her sister. In the case of Andrea (33, social worker) and Tomás (35, psychologist) the latter's sister used her credit so they could rent a hall for their wedding. Such shared use of credit cards forms lending circuits in which various actors are connected through credit sharing (Ossandón et al. 2017). This idea picks up on Zelizer's (2006) "commercial circuits." It sees indebtedness processes as comprising interpersonal relationships and connections that, as Barros (2011) puts it, delineate credit transaction routes defined by the uses and meanings of debt.

While the indebtedness that results from shared credit card use helped the interviewed couples access the credit system and go into debt through other

people, family use of credit cards also means that their own financial instruments are incorporated into the network. The majority of our interviewees are the first in their families to have gone to university. Thus, at least in theory, they are in an economically advantageous position with regard to their families. Many of them became professionals thanks to their parents' monetary support and so helping them out financially is compensation for that family assistance. Therefore some help their parents despite the economic difficulties they might encounter as a result of lending money or their financial instruments. For example, Macarena (40, public administrator) and Fabián (40, public administrator) lend their credit cards to Fabián's family, thereby incurring debts that they do not expect the family to repay. Although at the time of the interview Macarena did not have a job, for Fabián, helping the family is an obligation, as he says he is the "solvent one in the family."

Not all of the couples have achieved the upward social mobility needed to financially compensate their parents, however. For other couples, their family networks are part of the reason for their financial crisis. The economic distress of Nidia (33, social worker) and Jorge (39, technician) began when they had to use all of their savings to help Jorge's father, who had a vascular health issue. They both said "they did what they had to do." They view it as "returning a favor." Jorge's parents help them care for their daughter. Although their salaries are not sufficient to cover their needs, they both take the view that providing financial resources to other members are part of their family responsibilities. In order to keep up, they both work other jobs on the weekend. Nidia also sells products at her office and Jorge fixes phones in his spare time. This excessive workload is possible because his parents look after their daughter. "They go pick her up from school and take care of her until we get home at night. Sometimes she stays with her grandparents because we work a lot on the weekend. (…) We couldn't do anything without our parents' support" (Nidia, 33). Consuelo (26) and Vicente (22) at the time of the interview were dealing with problematic indebtedness as serious as that of Nidia and Jorge. They both have university debt for programs they did not complete and more debt with retail stores and bank credit. Although Consuelo's father has lent her money to pay a debt, Vicente's parents buy diapers for their daughter, and she obtains bank loans through her mom, Consuelo helps her mother out each month by paying her a salary to care for her children.

The exchange networks within the families do not function linearly; rather they are sustained through a series of exchanges that serve as buffers for handling problems and a reciprocal exchange network based on trust (Lomnitz 2004). While for some couples these networks redistribute key financial resources for handling debts, for others they function as caretaking obligations which they must reciprocate.

The ideology of friendship and the path of "economic hardship"

For the middle classes, social networks of exchange are also a means of economic protection that function through what Lomnitz (1991) calls "*compadrazgo*," similar to godparent relationships. Barozet (2006) described this as "the *pituto*," or connections through cronyism and personal contacts. Both *compadrazgo* (Lomnitz, 1991) and the *pituto* (Barozet, 2006) refer to practices within the framework of an ongoing exchange system of favors that are given, received, and motivated by a "friendship ideology." From a theoretical perspective, the links through which favors travel are flexible and based on an ideology of (reciprocal) gifts. A symbolic debt is established and fosters the ritual permanence of a bond over time once the reciprocity obligation has been created (Barozet 2006, 21). Despite their structural differences, exchange networks are founded on certain common elements. They are defined as a function of shared trust or understanding found in social proximity. Trust mechanisms often depend on the active participation of women. Each individual has a network of family, friends, and acquaintances, which in turn have their own networks. These networks are built in accordance with basic cultural norms and represent individuals' social capital (Lomnitz 2008, 126).

In the case of our interviewed couples, friends function like families as a resource provider network in the event of economic emergencies. Carolina (30, literature professor) and Diego (30, anthropologist) live with constant insolvency as a result of student debt. Carolina's best friend regularly lends her money "to make it to payday" at the end of the month. Another couple who are close friends gave them the 12 checks needed as a guarantee to rent an apartment. Luna (33, artist) and Roberto (30, sociologist) asked two of Robert's friends from work for a loan to handle "economic hardship," while Carla (28, phonoaudiologist) and Pablo (35, commercial engineer) count on Pablo's friends to "maintain liquidity". In an insolvent situation with urgent obligations, some of the partners in these couples turn to a friend for cash loans to stay afloat. This type of exchange operating under the "friendship ideology" logic functions on a foundation of reciprocal trust, loyalty, and responsibility (Cucó Giner, 1995). In contrast to family debt, this works as

a short-term payback strategy. Loan payback criteria are established in accordance with the closeness of the relationship and the economic urgency of the situation. Some couples are more flexible with their close friends insofar as they feel they can explain the reasons for delayed payback and that they will understand given their close relationship. But all of the people who use this type of resource pay their more distant friends first. They are aware that in a context of friendship, trust is built on these payments and that any delay may diminish not only the relationship, but also their possible future ability to rely on such a resource. "The debt Roberto had with his colleagues was the most worrisome for him. That is why when he got his first paycheck after having been unemployed for a time, the first thing he did was pay back the loan, although that left us without a nickel to our names" (Luna, 28-year-old artist).

In the same way as family networks, friendship networks enable many of the interviewed couples to handle economic pressures and access financial instruments. The couples who do receive family and friend support recognize the importance of this assistance in co-ping with their financial instability. They feel that their range of options is greater and that this lets them "keep their payments on track" more easily. Essentially, the help of their families and friends was a fundamental aspect of the resources they needed to perform the financial gymnastics that let them stretch their budgets to the end of each month.

When there is no family financial support, financial instruments are used

The possibility of counting on family and friend support networks form differentiated debt payment trajectories among the interviewed couples. Those who are supported by their families and/or friends have more resources for coming up with exit strategies from their critical situations. Those who come from families with fewer resources feel more overwhelmed by the situation and tend to resort to their own personal resources, increasing their work hours and widening their financial networks. For example, Armando (28) and Florencia (27) have both completed advanced technical education and acquired debts with banks, retail chains, and credit unions. They are behind on all of their debts and so far have only been able to bring down their credit card debt level. At the time of the interview, Armando was not working and was receiving unemployment checks. Their critical situation began when they moved out to live on their own after having lived for a period with Florencia's family. They receive no financial assistance from their parents or friends. His father is a skilled worker, his mother is a homemaker, and "they have no possible way to help" (Florencia, 27). Although Armando's mom is a government employee, she herself has a lot of debts and helps out her other children. They sell avocados in their free time and Armando sporadically works as an Uber driver. Florencia says she thinks all day about her debts and how to pay them off. She knows their resources are slim and that Armando "gets overcome by anxiety", having acquired a lot of debts with the expectation that they would be able to repay them. The debts, however, never end. She is sure that when she finishes her engineering course (her third course of study) things will be sorted out. In the meantime, she says the only thing they can do is to reduce their expenses and pay what they can.

Vicente (22) and Consuelo (26) are also high-level technicians, but their income is lower than that of Florencia and Armando. They have two young children and have consumer bank and department store debts that add up to about USD 20,000. In order to handle their financial load, they have sought bank credit through her mother, have refinanced their debts with various financial entities, use a line of credit to pay the more urgent bills, and work overtime. Despite everything, they are only able to pay 50 percent of the monthly total of each debt. Their primary worry is that they do not know what else they can do to repay what they owe.

Guillermo (33, public administrator) and Claudia (33, kinesiologist) handle Guillermo's debts together. As of the date of our interview, he had more than 13 outstanding debts with various lenders. They have had their electricity cut off, their wages are garnished, and they are constantly receiving phone calls about it. Guillermo earns a salary three times higher than the Chilean average, but he sees no income; it all goes to debt repayment. They say that while they have these cards and have learned how to "play the revolving game" with them, needing money in the form of cash to "pay the bus fare" and "buy their daily bread" is the hardest part. In order to "recover" a bit of money before the bills are automatically deducted, on payday Guillermo waits until the clock strikes midnight to then do an online transfer from the bank's website to another deposit account in order to have cash for the month. Guillermo had a daughter with a previous partner. At the time of the interview, they were in a legal process to set up a custody arrangement. As he tells it, his lawyer asked for a USD 1,000 advance to represent him. To get the money in cash, Guillermo had to "sell the limit" on his international credit card.

Banks in Chile have domestic and international credit limits regardless of whether you ever travel abroad. Even if your national limit has been reached, you still can use the international one. Since I owed money on my domestic credit line, I spoke to a friend and I asked him for 200 lucas (about USD 400). I said, dude, I need you to lend me 200 lucas until the end of the month. I used it to make the payment and then the limit was completely freed up, so I was able to sell the 1,000 dollars limit I had. The buyer handed me 400 lucas (about USD 800). [Well, how does that work exactly?] (…) They make an international purchase. They sell you perfume, and that's the price. They falsely take your card and buy whatever. On this occasion they bought about 10 perfumes for a total of 1,000 dollars and then handed me 400 thousand Chilean pesos (about USD 800). They ended up with 550 lucas (about USD 1,100) in the end, but whatever. I had to do that so I could pay the lawyer to represent me. It was that or turn to a (*pawnshop*) lender. (Guillermo, public administrator, 33 years old)

Selling his international credit limit was what "exploded" his level of indebtedness. Without any other credit options and as a result of the pressure from his partner Claudia, who threatened to leave him if he did not get to grips with his debt problem, Guillermo closed all of his bank accounts, renegotiated his debts with the bank, and now makes all the payments through the online portal. He says the only way to not go further into debt is by not having any access to the credit system at all. To them, this situation was caused by a mix of "bad luck and too much credit."[2]

For many of these couples, indebtedness is the only way they can meet their obligations. In a context of financialized daily living (Hall 2011; González 2015) and the opening up of the credit market, those who do not have family help turn to financial networks. Going further into debt as a repayment strategy or a way to obtain cash traps them in a tentacular web of debt that drives them into a financial hole that becomes more and more difficult to escape (James 2014).

Final remarks

Investigating debt repayment strategies by interviewing young, indebted Chilean couples addresses a theoretical-methodological interest in looking at indebtedness processes from a relational perspective. This implies understanding that debts are relationships that are not limited to that of creditor/debtor. Instead, they give rise to a network of exchange relationships that are set in motion not only for obtaining credit, but also for handling the resulting exigencies. In a situation with little social protection and high indebtedness levels, as is the case in Chile, support networks give rise to ways of better managing problematic debt. Couples that do not have financial support networks rely excessively on financial products and their own labor. This is an aspect of indebtedness relationships that has been little examined. It presents another angle for discussing the processes of social mobility in today's Chile. The widespread extension of consumer credit with the consequent increase in access to goods and services caused difficulties, vulnerabilities, and economic demands involved in making ends meet for many young professional couples.

Endnotes

1 http://www.quepasa.cl/articulo/actualidad/2017/03/punto-de-quiebre.shtml

2 In 2016 figures, half of workers in Chile earn an average of CLP 360,000 per month (USD 720).

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Banks in the Brazilian favela

A study of the relations between bank branches and residents of an urban region targeted by "pacification" policies

Lúcia Helena Alves Müller

Introduction

Despite their global reach, the processes leading to the financialization of social life are many and varied, both in terms of the agents responsible for their formulation and implementation and in relation to the dynamics and effects that they unleash in different national and local contexts.

In Brazil, the government has played a key role in enabling and promoting these processes through the development of programs and initiatives in line with the proposals formulated by institutions like the World Bank and other organizations making up the international financial system. According to these agencies, increasing access to the financial system is one means of attaining higher levels of social inclusion, leading to an expansion of banking services and the supply of credit to low-income populations (Sen 2000; Kumar 2004; Banco Central do Brasil 2010).

Over the course of the 2000s, as formal employment and the population's income rose – both enabled to a large extent by a real increase in the value of the minimum wage and by the implementation of minimum income programs – the Brazilian government increasingly turned to the banking system in order to distribute the benefits of welfare and social policies (pensions, allowances, social welfare payments) and persuaded the institutions making up the National Financial System to create services specifically aimed at these sectors of the population by opening small outlets providing financial services in areas without bank branches, creating new simplified bank accounts, and introducing lines of microcredit and payroll loans for wage earners (Miguel 2012), public employees, retirees, and pension holders. All these policies led to a substantial increase in the demand for financial services, perceived by public and private institutions alike as a great opportunity to be exploited. In order to do so, however, they had to discover better ways of communicating and interacting with a public previously located outside their target groups.

The topic of this text is the action of financial agents in popular contexts. I aim to analyze various aspects of the relationship between financial institutions and low-income populations through the observation of a concrete experience: the opening of bank branches in a peripheral region of the city of Rio de Janeiro, Brazil. These branches arrived in parallel with government initiatives launched to "pacify" the region – that is, the state's attempt to regain control of territories taken over by organizations linked to drug trafficking.

Because of the complexity of the context in question and the variety of agents involved, the analysis of this experience allows us to consider the theme of the financialization of social life in terms of broader and more complex problematics, including the actualization or reconstruction of social boundaries in processes that involve social policies or practices designed to be "inclusive."

Banks and the community

The ethnographic research informing this article was carried out over the first half of 2013. During this period, I was able to closely study the impact of interventions by state agents and financial institutions in an urban territory with a high population density, traditionally perceived as impoverished, precarious, lacking basic public services, and extremely dangerous due to the permanent dispute for control of drug trafficking among local criminal organizations, combined with the conflicts between these factions and the police.

State interventions in this territory have taken place since 2007 through projects run as part of the Brazilian federal government's Accelerated Growth Program (*Plano de Aceleração do Crescimento*: PAC). These projects were designed to improve urban mobility, resettling part of the population in new housing developments and installing new health centers, schools, sports centers, culture spaces, and so on. Sub-

sequently, from 2010 on, state intervention took the form of direct action by the police and armed forces (called "pacification" or "occupation," depending on the speaker's viewpoint) and the installation of permanent police stations in the community, denominated UPPs (*Unidades de Polícia Pacificadora*: Police Pacification Units). All these actions were given widespread coverage by national and international media channels, presented as part of the attempt to prepare the city for the 2014 FIFA World Cup and the 2016 Olympic Games.

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The same year that the "pacification" actions took place, two bank branches were inaugurated in the region: one, a private international bank with a strong presence in Brazil, which I shall call "Bank E;" the other, a Brazilian government bank, named "Bank C."

Although various banks were already physically present in nearby districts considered low-income or even impoverished, the establishment of bank branches within a territory described by terms such as "favela" (slum), "morro" (hill), or "comunidade" (community) – and more precisely, in a region perceived as extremely violent – was considered a fairly daring action by the financial institutions involved and also by the local population itself.

The branches studied were installed in localities that can be seen as more privileged due to the presence of urban facilities (schools, cultural and sporting centers, health centers) and access to public transport, mostly resulting from the PAC interventions. The presence of these resources, combined with a large concentration of commercial points, explains the intense circulation of residents through the region (Müller 2016). Consequently, the field observation based around these branches also permitted contact with individuals who, even though not directly interacting with these financial institutions, benefitted from the movement generated by their presence and/or the relative degree of security provided by their proximity. Fieldwork also allowed for the identification of other financial agents operating in the region, along with the large diversity of connections existing between government actions (PAC projects, installation of the UPPs, and so forth) and their presence in this context.

Objectives and targets

Bank E: "We came to stay."

Some years before the inauguration of its branch in the community, Bank E had already been operating in the region through representatives who offered microloans to local traders. However, despite the institution's relative familiarity with this clientele, in order to become permanently installed in the territory, the bank turned to the intermediation of other agents already embedded in the community. Performing this role in the most effective form was a non-governmental organization that had already been active in this and other favelas in the city, promoting cultural activities (music, dance, and theatre) and above all, recruiting, selecting, and referring individuals who, exempt from formal criminal accusations, were looking to disentangle themselves from activities linked to drug trafficking and apply for formal job vacancies offered by partner companies. Although it already had a partnership with Bank E prior to the opening of the branch in question, the NGO, which labelled itself a "social company," possessed its own trajectory independent of the bank. Its activities were also supported by a partnership with the Rio de Janeiro city council and other large national companies.

In order to set up the branch in this favela, Bank E, the NGO, and the region's residents' association established an agreement "where everyone wins" (according to the slogan repeated by all the agents involved) for sharing the building from which the latter association operated. As well as the rent that the bank began to pay to the association, it assumed the costs for the renovation work of dividing the building into three parts: the NGO began to occupy the entire second floor, while the ground floor was divided between the association (the smallest part) and the bank branch. The entire building was painted the same color, with its front dominated by signs with the names of the bank and the NGO, both displaying the same layout (color and lettering).

The partnership with Bank E was present in virtually all the activities of the NGO and the community association. According to the testimony of agents from the NGO, at that time the bank was financing the payment of all the organization's employees (around 300 people) and was present in practically all the activities that it promoted, in this and other communities in the city. The partnership – which took the form of sponsorship, logistical support, and the presence of senior members of the bank (managers and directors) at events – was advertised by printing the bank's logo on any material publicizing activities (banners and promotional gifts). In return, the NGO lent the bank its

reputation as an entity with strong local roots, committed to popular issues and interests, and above all, with a proven record in developing innovative social technologies. Recognition of this expertise had led the NGO to be invited to provide consultancy services to diverse private institutions with social aims and to public organizations both in Brazil and abroad, allowing it to choose the most suitable partnerships from among the many offers of sponsorship it received.

The branch Bank E opened in the community was small but fully equipped and operational: in other words, it was able to provide all the services offered by the bank to clients at other branches. Its entrance hall contained various automatic teller machines (ATMs), where a uniformed member of staff was on hand several hours a day to help clients. Lines would form only on certain days of the month, such as pension payment day. Like other private banks, Bank E did not accept payment of fees or bills from non-clients. These people were sent to the lottery agency located on the same street, which would have long lines every day.

According to its staff, the branch had been achieving all the targets set by Bank E's senior managers, especially those related to opening bank accounts and taking out microloans. Forming this portfolio of clients depended on the action of the bank representatives working with the local traders, advising them on business practices and the process of formalizing enterprises that were very often informal. Many of these microloan representatives were local residents, some of whom had been recruited by the partner NGO, a fact that was highly valued in the conversations with the bank employees and in the marketing material produced by the financial institution.

The fact that branches had been opened inside a favela's territory (or "community") was widely cited in the bank's promotional material, where it appeared as a sign of the financial institution's commitment to the country (reflecting the bank's foreign ownership) and also its commitment to the low-income population, especially those living in lower-income neighborhoods which, in Brazil, had only very recently begun to be seen as part of an expanding consumer market. In the case of favela inhabitants, this applied only insofar as these regions were included in urban integration projects (police pacification interventions, public construction work and services) and their residents targeted by policies designed to increase income and access to financial services. In the bank's official pronouncements, one expression in particular appeared in reiterated form: "We're here to stay."

For the staff of Bank E, participation in the experience of installing a bank branch in the favela implied risks, but could also enable them to obtain significant personal and professional gains. The fact that they worked in a context that in the public imagination, was traditionally perceived to be hostile, dangerous and commercially unpromising meant that they were subject to constant questioning by family members and acquaintances, who would ask about their work conditions and the insecurity to which they were exposed. This topic was present in practically all conversations, including those with me. The response to these questions was invariably that the person mostly felt safe in relation to his or her day-to-day work. Greater emphasis, however, was given to their feeling of pride for the respect shown to them by the local population. Although they seemed overworked, these professionals always appeared extremely enthusiastic to be involved in what appeared to them to be an adventure – thus far, a highly successful adventure, since the branch had been able to meet the commercial targets proposed by the bank, achieving a performance comparable to that of older branches or even those located in districts with higher-income populations.

As a project earmarked as strategic to the financial institution as a whole, it was clear that the branch's location also considerably raised the professional profile of its staff. According to one employee, the implantation of the branch in the favela environment could be considered an example of entrepreneurship: that is, a unique experience through which know-how was being produced that could later be applied to contexts involving low-income populations in other parts of the world where the bank aimed to operate.

Bank C: "It seems like a public hospital."

Bank C had already installed ATMs in some public localities inside the favela, but, as observed earlier, a full branch had only been inaugurated a few months after the "pacification" operation in the region. The opening of this branch in the shopping center had led to the relocation of the lottery agency that had previously operated there, providing financial services to people without a bank account.

According to the accounts of staff from Bank C, the branch had been created with the aim of relieving pressure on branches located in neighboring – although not very nearby – districts, which had become swamped by the increase in demand for services generated by the growth of the population benefitting from public policies (family allowances, retirement benefits and pensions, unemployment insurance, and so on). In this sense, the installation of the branch inside the favela primarily had a social dimension.

Bank C's branch took up three very small rooms at the rear of the shopping center. In order to work, the revolving door – the main security device – had to function in a very restricted space, which required

constant negotiation between those wishing to enter and those leaving the branch. Inside, the branch had no decorative elements. There was also no space for clients to sit or even stand, meaning that they had to wait outside in a public area that formed part of the shopping center's internal corridor, where the two ATMs were also located. Even on busy days, however, the clients never formed a line. When people arrived, they would ask to the person next to them: "Who's the last one in the queue?" After obtaining this information, they would find a place to sit, talk to the others, or walk up and down, enjoying the view but keeping an eye on those entering and leaving to make sure they did not miss their turn.

Most of the branch's users were women (mothers and grandmothers) who would frequently visit the bank accompanied by small children. Men appeared more often at lunchtime. Many people did not know how to use the ATMs, while many others appeared uncertain about the suitability of their request for banking services or unsure whether they were at the right branch to deal with their case. In order to respond to these doubts, the branch placed a receptionist outside the branch to provide advice to clients. When she was away, this information was given by the branch security guard. The receptionist lived in the community. The security guard as well as other branch employees came from other districts not very far away. The guard said that he liked to work there, but also displayed some concern about security in the region. Any information was given in front of everyone else waiting to be served. The public exposure of the questions and the details of the clients' personal lives meant that they became the subject of comments among those waiting, in many cases prompting the involvement of the latter in resolving the person's queries and problems. The branch's employees and some of its clients displayed the familiarity of those frequenting the place regularly. It was also normal for staff and users waiting outside to help take care of the small children or hold them while their mothers or grandmothers were being served or using the ATMs.

As well as occupying a tiny space, the branch faced a variety of obstacles in its day-to-day operations. Bank activities were frequently suspended due to the absence of an internet connection (the cables were frequently stolen, people said), or because the printer was not working, or because the ATMs were broken and no maintenance was available, and so on. The intermittence of the services meant that users had to return to the branch numerous times, in many cases on the same day. Some people, unable to be paid the benefit they had come to receive, found themselves without the money to pay for their transport back home.

Despite all these difficulties, during the period of field observation, I rarely witnessed expressions of annoyance or revolt. One of the reasons for this "goodwill" may be the fact that many of the individuals using the bank were beneficiaries of social policies (family allowances, unemployment benefits) rather than paid workers, which meant that they did not assume the position of consumers or clients of a company. In fact, many saw themselves as beneficiaries of a public service whose delays and precariousness were perceived as normal. On just one occasion I heard a client vent his frustration: "This place seems like a public hospital. We stand in a line and are never attended!" he shouted. Others demonstrated a clear awareness that they were not wanted by the private banks, either as account holders or as users of other services, such as paying household bills, for example. "There at the other bank they don't want me," one resident claimed indignantly after just coming from Bank E, where he had not been served.

Another reason for the clients' acceptance of the failures in the bank's services may be related to their identification with the staff, who also suffered from difficult working conditions (cramped space, poorly functioning equipment, overwork, and few resources). The employees had no private space to rest. During lunch breaks, they ate and rested in a small room sometimes used as the branch's storeroom whose only door, kept half-open to let the light in, opened directly onto the external part of the branch, facing the spot where the clients waited. Hence, even when they were having lunch or going to the bathroom, which was located in the center of the shopping gallery, the bank staff were constantly approached by clients with problems.

Despite the wait and the technical issues, however, the clients generally left the branch satisfied, at least in relation to how they had been served. Employees were commonly praised for the attention they had given to them or for the dedication shown in solving a particular case. Some of the scenes I observed corroborated the impression that the staff made an effort to communicate well with the clients. They would calmly explain the problems involved in each case (the transfer of the locality for receiving benefits, difficulties in accessing the earnings of sick family members due to a lack of the legally required documents, no proof of the income or guarantors needed to obtain loans, loss of bank cards, forgotten passwords, and so on), find ad hoc solutions to complicated cases, and advise clients on questions unrelated to the bank's affairs, such as telling them where to obtain a particular document, or the best means of getting there.

Judging by the accounts obtained, the staff's treatment of the public was not based merely on an

institutional standard of attendance or a personal style, but principally on identification or engagement. As well as emphasizing that they felt very safe working in the region – even more that in branches located in traditional districts of the city – various employees from Bank C stressed that they had visited, worked in, or even lived in "communities" at some point in their lives. For a number of them, the transfer of their place of work to a favela had been a personal choice, justified by the desire to place themselves in an environment that forced them to become involved in what they believed to be socially engaged or important work.

Even for the employees of Bank C themselves, it was a surprise that the branch, opened in the favela in response to social demands (from the beneficiaries of public policies), had also been able to achieve good commercial results. These were primarily obtained through the concession of microloans. From the viewpoint of staff members, the positive results achieved challenged the stereotyped and prejudiced views that dominated the public image of favela inhabitants and, by extension, those who worked in these areas. At the same time, they realized that a sizeable proportion of these commercial results depended on clients who did not live in the community but in nearby districts. These were customers who began to frequent the branch precisely because it was located in an easy-to-access place, after the state's "pacification" of the region. Were the security conditions to change or were the branch located in a more central area of the favela, it would have been unlikely to have been frequented by this type of public.

The good commercial results meant that the branch lost its status as a social branch. Due to its positive performance, the bank's central administration began to expect it to meet the same targets required of other branches, which allow the bank to achieve its more general strategic objectives (ranking among the top Brazilian banks). Although they displayed pride in the branch's achievements, the employees thought that the commercial targets proposed thereafter were excessive, taking into account their work conditions and the additional effort needed to provide services to the low-income population.

Among the difficulties encountered in serving residents of the community was the fact that many of them had no proof of address, since they lived in places of unauthorized occupation. To get around this problem, the bank accepted declarations of residence provided by the local residents' association. Other difficulties concerned the problem many clients faced in providing proof of their income – a step required to take out a loan – since the work, commercial activities, and services performed by most of this population were informal. In such cases, the bank agreed to calculate the estimated income based on the presentation of documents showing the family's monthly expenditure (rent, monthly payments, or other regular expenditures).

Final considerations

Everything described above compels us to recognize the importance that low-income populations have increasingly acquired in today's global economy. We have also seen that, in the context of government policies implemented until very recently in Brazil, the promotion of financial services to poorer sectors of the population was conceived as a strategy for social inclusion.

In the media discourse found in mainstream newspapers and TV channels, however, the topic of expanding the use of banking services and loans among the lower-income classes has been treated almost exclusively as a concern with the growing indebtedness of the population – although the bases of these worries are not clearly demonstrated, nor are their motives made entirely explicit (who is concerned with whom, after all?).

Some theoretical approaches present financial tools and resources as a means of widening opportunities only if they are available to all and subject to social control (Abramoway 2004; Gloukoviezoff 2006). Many of the academic works focusing on this issue have directed their analyses towards denouncing the widening control of economic life by the financial system. These take as a background the critique of the predominance of a so-called neoliberal logic in the contemporary world, but do not place due emphasis on the processes that make these phenomena possible. In the present work, as in that of authors who have inspired it (Villarreal 2004; Mattoso 2005; Castilhos 2007; Lazarus 2010a and 2010b; Ossandon 2011; Bazán Levy and Saraví 2012; Wilkis 2013 and 2014), I have instead sought to explore concrete situations that involve the relationship between the financial system and the low-income population in order to reveal the social processes that cause so-called financialization to assume very different configurations.

In the analyzed case, access to financial resources was promoted in a historical context in which it comprised one of the objectives of a government program. Additionally, making this access a reality depended on the effects of other state interventions that aimed to establish governance over a territory historically located outside or on the margins of its control. Finally, we were able to see that the action of the banks that began to operate in the region depended

heavily on the mediation of other agents already rooted in the locality or their presentation as agents distributing state benefits.

Through an ethnographic approach, therefore, the concrete processes related to what we identify as the "financialization" of social life can provide a window onto innumerable phenomena, the most evident in this case being the maintenance and reproduction of social boundaries, even when the populations concerned are targeted by initiatives for social inclusion.

Note

This is a short version of the article: Müller, Lúcia Helena. 2017. "Bancos na favela: Relações entre agências bancárias e moradores de uma região urbana alvo de 'políticas de pacificação'." *Tempo Social* 29 (1), 89–107.

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Book Reviews

Kean Birch · 2017

A Research Agenda for Neoliberalism

Northampton: Edward Elgar

Reviewer Stephanie L. Mudge
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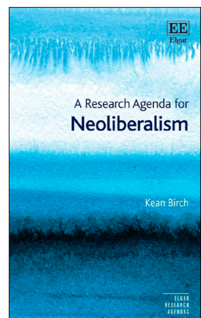

In this short and well-organized book Kean Birch takes on the question of how "we" (that is, both neoliberalism's critics and "neoliberals" themselves) understand neoliberalism and the contradictions therein. The book offers an overview of neoliberalism's intellectual history and of critical approaches to studying it. The main contribution, however, is an effort to outline a new research agenda centered on "three core contradictions at play in neoliberal thought," on which more below (p. 2). Before moving to this most interesting part of the book, however, I would first like to mention two critical quibbles.

A key thematic underpinning of the book is the author's expressed ambivalence about the usefulness of "neoliberalism" as a concept—a common sentiment, to be sure. Among the author's complaints is the use of "neoliberalism" on the left primarily as a derogatory term to refer to people who believe in the primacy of markets, and the way in which the term's many uses, and contradictions therein, render it analytically intractable (pp. 4, 7). There is a certain irony here; the concept is apparently tractable enough for the author himself to define it (neoliberalism "involves the infiltration or installation of 'markets' as the organizing principle for our economies, politics, *and* societies" [p. 2]; elsewhere Birch defines the term as "a market-based approach to understanding and living in the world" [p. 35]) and, indeed, to motivate the entire book. For this reader at least, the ambivalence theme is therefore not particularly helpful.

Also unhelpful is the rather puzzling assertion that the equation of neoliberalism "with 'free markets' or 'free market fundamentalism'" in popular and scholarly discourse is problematic. As a rationale for this argument, Birch cites the need to "take back or rehabilitate 'the market'," enabling us to focus on "the disjuncture between (neoliberal) claims" and the "metaphorical goodness of associated abstractions like 'freedom', 'liberty', 'choice', etc." (p. 35). And yet insofar as there is such a historical figure as the intellectual "neoliberal"—and one might note that the chapter in which this argument appears is entitled "How to think like a neoliberal"—that figure would be impossible to describe or explain without acknowledging the centrality of the "free market" as an organizing concern. There is, to my mind, no tension between acknowledging this as a historical fact and, at the same time, considering the ways in which markets, both theoretically and historically, do not naturally or necessarily coexist with freedom, liberty, and choice. The author's own definitions of neoliberalism (above), in fact, locate markets at its very heart, which is apparently no obstacle to then mapping out various disjunctures between neoliberalism in theory and in practice (see below). This suggests that understandings of neoliberalism as market-centrism are entirely unproblematic. I would add that they are also, historically speaking, unavoidable.

The most helpful and innovative elements of the book come in the final chapters (pp. 103–79), in which Birch explores three contradictions in an effort to move the agenda of neoliberalism research forward: namely: (i) the rise of corporate monopoly in an age of free markets; (ii) the displacement of entrepreneurship by rentiership, despite the supposed sanctity of the entrepreneur in neoliberal times; and (iii) the way in which the contemporary market order in fact depends on a "contract-based order" in which "future earnings are not *realized* through market transactions in the present, but rather result from contractual arrangements that secure those … earnings in the future" (Birch 2017: 3, 156). Birch identifies these as contradictions in neoliberal thought, but it would be more accurate to say that they are *discrepancies* between neoliberal understandings of how the economic world *should* work and the realities of contemporary economic life.

On the first discrepancy, Birch offers a very insightful analysis of the evolution of neoliberal thinking over time on the matter of corporate monopoly, and in particular how Chicago-based thinkers theorized their way out of the otherwise commonsense view that

monopoly is a problem (pp. 110–13), along with an overview assessment of the growth of monopoly power, especially in the United States (pp. 105–108). The neoliberal argument (of course) is that in time free markets cure all ills and that, following Ronald Coase, corporations and markets lie at either end of the same spectrum in any case. Birch then gives his own account of the history of the corporation and the distinctiveness of its neoliberal phase, in which monopoly returns but the politics thereof do not. The argument here is that, to understand this state of things, we should turn our attention to "the discipline of economics and … business schools," because "this is where managers, investors, analysts, traders, market experts, and others … receive their training" (p. 119). This move has already been made by others, as Birch acknowledges, but there remains much to be done on this front.

The other two discrepancies identified in the book—namely, the move from entrepreneurship to rentiership and the market order's contractual dependencies as a means to profit—are presented in similarly thought-provoking ways. In the first case Birch emphasizes the return of "the days of debt peonage" (p. 151); in the second, he notes how neoliberal contractual relations so heavily favor businesses over customers and employees as to nullify the meaning of "freedom of contract" (p. 175). Both also point us in very useful directions.

In the end, then, one could say that the book's central contribution is not so much that it substantially enhances our conceptualization or understanding of neoliberalism, but rather that it lays the groundwork for moving past neoliberalism via the critical analysis of the contemporary economic dynamics that the neoliberal moment has left in its wake.

Ariel Wilkis · 2018

The moral power of money. Morality and economy in the life of the poor

Stanford: Stanford University Press

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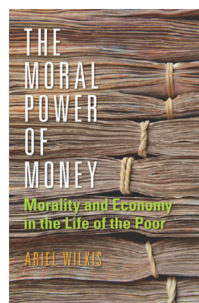

Sometimes it is not quite clear where to look in order to study a social phenomenon. Money is a perfect example. How can or should sociologists study money? Should we look at the cycles of financial markets today or is a historical evaluation of how a means of payment was introduced into formerly cashless societies a more promising strategy? Do we need polls to reveal patterns of consumer choice or should sociologists of money work undercover at a mint? In *The Moral Power of Money*, Ariel Wilkis suggests an unexpected approach: He studies the poor. More explicitly, he investigates how people in a South American slum deal with monetary issues. Based on rich empirical material gathered in extensive socio-ethnological fieldwork, Wilkis provides a vivid and enlightening analysis of moral economies of the poor, which is in itself worth reading. Alas, I was somewhat disappointed to discover that in the end he seems more interested in describing details of this life-world than in relating his empirical findings to a systematic reflection on general theories of money.

Perhaps you find this remark unfair if you have already read the book, as Wilkis states that "the subject of this sociological study […] is not money, but rather the social orders it produces and responds to in the world of the urban poor" (p. 5). For Wilkis, "sociology is self-evidently more interested in the social realities that money helps to produce than in money itself" (p. 159). In fact, this is far from being "self-evident," but I will let this question pass for the moment. More importantly, the empirical material is presented with reference to a certain tradition of monetary theory and the findings are organized around this conceptualization of money. It would therefore be wrong *not* to read this book as a contribution to the sociology of money.

What does Wilkis mean by "money"? Lately, the sociology of money has become a lively field of study within which we can distinguish two main perspectives. The first is concerned specifically with *bank liabilities* as "modern money." In the modern economy, every monetary asset in dollars or euros is also a liability of the banking system. Demand deposits are private banks' liabilities and notes and coins are a liability of central banks. As bank liabilities depend on each other, in this perspective money forms what Mehrling calls a "money grid" (Mehrling 2017) composed of interdependent "debt contracts." The inner workings, dynamics, and effects of this money grid and its daily reproduction through borrowing and clearing debt are the main research interests of this first general approach within the sociology of money.

The Moral Power of Money contributes to the second and more traditional main perspective on money. Here, money is not investigated as a liability of the banking system, but rather as a valuable resource that is owned and exchanged. Money is commonly the-

orized as a special token or symbol of value that allows prices to be set and facilitates exchange on markets. In other words, this second traditional path within the sociology of money is interested in money as *circulating purchasing power*.

Within research that investigates money as purchasing power or the most liquid asset, two secondary branches can be identified: One is the so-called "universalist" approach to money; the other is based on the "multiple monies" concept. Authors such as Viviana Zelizer have criticized classical approaches for treating money as if it were a homogenous social construction. Money, or so classical texts seem to suggest, is a uniform and property-less value, which someone either has or does not have. Universalists such as Karl Marx or Georg Simmel, for example, talk about money as purchasing power, as if every dollar were the same, to use the famous wording popular among proponents of the multiple monies concept. Zelizer's critique of this simplification has had a huge impact. She argued that every dollar is by no means the same. In fact, people treat "the same" dollar very differently in different contexts and under different circumstances. Who the recipient of money was, how specific income was generated, and many other practical arrangements shape and form the cultural texture of purchasing power, adding "markings" to supposedly universal monetary value and thus creating multiple monies. The same amount of circulating purchasing power is framed and used differently, depending on whether, for example, it has been earned through wage labor, won in a lottery, or appropriated in a heist. Even money earned by people of different genders is commonly treated in distinctive ways. In a meaningful and culturally sensitive description of social reality, one would have to account for the existence of "multiple monies" instead of talking about money in general. This line of thought is the academic home of Wilkis's study.

Although proponents of "multiple monies" ideas tend to claim the uniqueness of their basic understanding of money, it does in fact have similarities with the classical concepts of Marx or Simmel that they criticize. What different "monies" have in common theoretically is their value as an ownable asset, that is, the fact that they can be used to purchase things. Put simply, one could claim that this second version of the traditional approach to money is concerned with different ways of using monetary income and the resulting social effects.

To analyze these effects, Wilkis undertakes two things. First, he theoretically combines Pierre Bourdieu's notion of symbolic capital with Zelizer's interest in how different income sources are framed. To this end, Wilkis introduces the term "moral capital" as a subtype of symbolic capital. An individual possesses moral capital, he argues, if they have moral virtues that are acknowledged by others (p. 10). People who meet their social obligations are ranked according to a moral social status. Therefore "accumulating moral capital means gaining legitimacy in a position on the social hierarchy" (p. 10). With this definition, Wilkis perceives "morality" not as an external set of normative principles, but rather as a social practice in which power relations are established or challenged. Consequently, in the author's book, the "sociology of money" refers to a sociology of different income usages and their effects on the social order; that is, on power relations between people.

Second, Wilkis investigates how different culturally framed forms of income—which he calls different "pieces" of money—"are used to create moral hierarchies" in a poor community in South America (p. 5). Each piece of earned, lent, donated, political, sacrificed, or safeguarded money is the focus of a separate chapter, with a collection of stories about daily life in the slum.

Virtually each and every one of these stories is worth reading. Together they create a respectful, self-reflective, and sensitive portrayal of the moral economies of the Argentinian community in which the author spent quite some time. For instance, Wilkis tells the reader about a mother who demands regular payments from her unmarried sons. She saves this money, transforming it into a piece of "safeguarded money," which is ranked above all other pieces of money in this family. She uses it to support her married son in times of need. By doing so the mother not only positions herself as a moral epicenter of the family but also reinforces common conceptions of masculinity and acts as a role model for her sons while fulfilling her own role.

While episodes like this are enjoyable to read, the author's theoretical analysis and categorization raise some minor questions. In one chapter, for example, we become acquainted with a thief who frames his criminal activity as a form of doing business and therefore perceives his income as "earned money" (p. 70). In the course of this chapter we learn that some practices for making money with stolen goods are considered acceptable within this community. While these portraits are fascinating, the categorization of this income as a specific "piece of money" does not seem to add much to our understanding beyond mere description.

As Wilkis' aim is to describe how moral micro-orders are created and re-created (which he does compellingly), I feel it might have been more useful if he had presented his findings according to their respective logics of order rather than categorizing them as

"pieces of money." At least in my understanding, these are not identical systems of categories. At times commonalities between some of the stories seem to be downplayed, because they are grouped in different chapters, that is, identified as different pieces of money.

For example, one story in the chapter about "donated money" addresses the stigmatization of welfare and the practice of substituting donations to homeless people with payment for a magazine, which transforms the donation into a purchase (p. 78) and creates good feelings for both people involved in the process. It is not completely clear to me why homeless peoples' income does not become "earned money" through this transformation of an asymmetric payment (donation) into an exchange of supposedly equivalent assets (money versus magazine). Meanwhile, the story about the thief who calls himself a businessman is in the chapter on "earned money." Moreover, the example of a group of entrepreneurs who began collecting and selling recyclable resources from private trash to generate income is also in the chapter on "donated money" (p. 82). These stories, as well as some of the others, could be grouped together alternatively as attempts to transform an asymmetric exchange into a more symmetrical one (selling a magazine instead of just receiving money as a donation). Enabling social groups to facilitate symmetric exchanges and reducing the moral obligations associated with asymmetric forms of exchange in the process has been discussed as a general feature of money within the universalistic framework of the sociology of money. I am not fully convinced that Wilkis's categorization is more productive. (Of course, I am well aware that many people would claim that the appeal of ethno-sociological studies lies precisely in the fact that it is more sensitive to micro-differences than to commonalities, but this does not mean that commonalities are irrelevant.)

One final example. The chapter on "sacrificed money" (pp. 116–134) is a heart-warming report about a local church, where people work together not only to provide for those in need but also to enable the priest to act as people expect a priest to act. By reading episodes such as these, I learned a lot about the complexity and creativity of moral social orders. One important factor here is the refusal of formal payment, a (non-existent) income Wilkis calls "sacrificed money." This incompatibility of monetary exchanges and (some) religious practices also seems to be a more or less universal characteristic that might tell us something about money itself and not only about the realities that different usages of money create.

This is a well-written and insightful book, and the minor irritations discussed here could be perceived as a matter of personal taste. But if our aim is to further the sociology of money in general, it would be important to discuss the shortcomings of the "multiple monies" approach with the same verve that Zelizer, Wilkis, and others have demonstrated in advocating that we abandon classical approaches to monetary theory and investigations of money's more general characteristics. While no one would deny that people treat monetary assets very differently in different contexts (and that this is sociologically important), it is not always clear what is to be gained by identifying these different practices, beyond acknowledging that they exist, of course. Wilkis's study of monetary aspects of moral micro-orders in a poor community in the Global South provides relevant resources for such debates as they unfold.

Source: Perry Mehrling. 2017. Financialization and its Discontents, in *Finance and Society* 3 (1): 1–10.

Joseph Vogl · 2017

The Ascendancy of Finance

Cambridge: Polity Press

Reviewer **Natascha van der Zwan**
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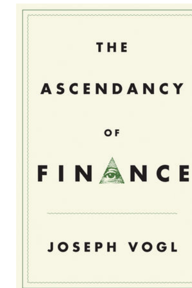

In *The Ascendancy of Finance*, Joseph Vogl, a professor of literature at Humboldt University and Princeton University, has written another provocative book, which offers an innovative perspective on the historicity of financialization. Vogl, who previously wrote *The Specter of Capital* (Stanford University Press, 2014), argues that the growing power of finance is intrinsically related to the sovereignty of the state. Historically, the sovereign state could not emerge without the assurance of private credit to support its activities. Paradoxically, this private credit began to wield power over the state, exactly as the sovereign power of the latter increased. The state thus had to accord its financiers exceptional protections in order to ensure its own preservation. This resulted in what Vogl calls "zones of indeterminacy": informal, often secretive, ad hoc platforms of decision-making in which "the state and the market are not opposed to one another as hermetic entities, but exist in a relation of power formed by continuous transitions, alliances, fluctuations and mutual reinforcement" (p. 11). In an impressively concise 165 pages, Vogl traces such zones of indeterminacy over a seven-century period, from the fifteenth-century Casa di San Giorgio (a

consortium of private lenders to the Republic of Genoa, whose *status aparte* secured them positions in the city-state's government apparatus) to the European Central Bank in the twenty-first century.

The Ascendancy of Finance was originally published under the German title *Der Souveränitätseffekt* (The Sovereignty Effect), which seems more accurate in light of Vogl's argument. Political theorists will find references throughout the book to "philosophers of the exception," particularly Giorgio Agamben but also Carl Schmitt. But scholars of finance without a background in political theory, too, will recognize the "rhetoric of exceptionality" that has accompanied the bailouts and other exceptional measures that the state has awarded finance in the wake of crisis. Second, Vogl discusses the ideas of Enlightenment thinkers such as Adam Smith, Thomas Hobbes, and Jean-Jacques Rousseau to question the state/market dichotomy, for which classical liberalism has become known. In Vogl´s account, economic science flows out of the state's own attempts at creating political order within the territory it rules over. Finally, Vogl bases his historical account in the classic works by Fernand Braudel and Giovanni Arrighi. While these latter contributions will be familiar to scholars of financialization and others taking an interest in finance studies, it is particularly the first theoretical contribution that makes Vogl's book such a powerful intervention in contemporary studies of finance and financialization.

The most important contribution of *The Ascendancy of Finance* to this scholarship is its integration of political theories of sovereignty with the history of finance. That state-building involves both political force and economic activity will be a familiar argument to most political scientists, for whom Charles Tilly's essay on "war making and state making as organized crime" is required reading. Vogl, however, shows the other side to Tilly's taxation state, focusing instead on how the state has historically relied on private financiers in order to establish itself as a sovereign power. Vogl focuses on three realms in which such entanglements between financier and sovereign has been most pronounced: 1) public lending, 2) coinage policy, and 3) treasury activities. The dependency of the state on private financiers across these three realms has formed a natural limit to absolute sovereignty. The economic activities, on which state-building efforts relied, created a new class of financiers. To say that sovereignty fostered new sources of profitability does not do justify to the depth and permanence that Vogl attributes to these activities; instead, we might say that sovereignty *became* its own regime of accumulation.

That such private actors and institutions came to wield the most ultimate of sovereign powers is exemplified by the anecdote of Isaac Newton, who as Master of the Royal Mint was responsible for prosecuting the counterfeiting of coins – capital crimes in more than one sense of the word. Vogl infuses the popular mythology of Newton's scientific bump on the head with a more gruesome narrative, in which the scientist-turned-executioner unreluctantly applied the principle of gravity to the offenders' necklines. Such crimes were prosecuted with a fanfare of publicity – Vogl uses the term "thanotocratic regime" (p. 82) – with, on the receiving end, a newly emergent investing public. As public debt gained permanence, the public remained abreast of the state's financial record through the press. Here, the investing public functions almost as an imagined community, to cite Benedict Anderson and another classical text in the state formation canon, only this time around the issue of public debt.

In the final chapters of the book, Vogl moves his reflections on central banks as independent "fourth powers" within government into the twentieth century, with an elaborate discussion of the Federal Reserve System, the Bank of the German States, the Central Bank of Chile, and finally the European Central Bank. During the last quarter of the twentieth century, the type of governmental rationality these institutions represent became entrenched within an international order that promotes market-based governance, using the rhetorics of good governance and New Public Management. Nonetheless, one of the unintended consequences of the ongoing process of financialization is a weakening of central banks' instrumentarium. As financial innovations have blurred the distinction between money and financial assets, so the author notes, central banks' ability to create macroeconomic stability falls short: Today, "central banks have ceased being lenders of last resort and are now *investors of last resort*" (p. 140, author's emphasis). Again contra liberal dogma, the state has not become obsolete in this new regime of regulatory capitalism. It serves as its anchor, creating the conditions under which finance capital can thrive. Sovereignty then, so Vogl concludes, has become ever more elusive. It can only be temporarily accessed "through the purchase of liquidity and the liberation of credit cycles, chains of financing and cascades of risk" (p. 165).

The Ascendancy of Finance is not an easy read. Particularly the first section of the book is infused with theoretical language that might be difficult to grasp for those without a background in political theory and/or non-native speakers of English. It is therefore not a book to assign to undergrad-

uate students. For those interested in the political power of finance, particularly as it pertains to the state, *The Ascendency of Finance* is an essential read. As Vogl himself also points out, the book serves as something of a prequel to Streeck's much-appreciated *Buying Time*, as it zooms in on the historical origins of the consolidation state. It can also be read as counternarrative to the recent scholarship on "market-craft" by making the state look less entrepreneurial than dependent in the face of private market actors. If a critical note should be raised, then, it is the question of whether the "zones of indeterminancy" are really so indeterminate. In Vogl's historical account, finance is always victorious and popular sovereignty is made redundant. This makes for an altogether thrilling read, but not one that leaves the reader with much optimism for the future.

PhD Projects

Social policies and plural meanings of money: The social production of cash transfers

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Towards the end of the 1990s, we witnessed a remarkable transformation in the field of social policies at the global level – particularly, the emergence of state interventions focused on cash transfers (CTs) to the poor. These policies override the traditional provision of goods and services in favor of delivering cash – establishing conditions or prerequisites in terms of nutrition, health and education.

Since their inception, international organizations, development agencies, and social policy experts have held countless discussions about the definitions, characteristics, and scope of CTs. Through the development of a qualitative approach, this project aims to study a point far less researched: the social production of meanings of money associated with CTs in Argentina (2008–2015). I inquire about the multiplicity of plots and meanings associated with money, exploring and analyzing its social and moral meanings as circuits of CT social policies. I pay attention to expert knowledge on social policy; whether local state actors are involved in the implementation of policies; and household monetary practices, trying to reconstruct the diversity and plurality of public meanings of money associated with the CT.

The thesis draws on different conceptual traditions in order to ground my findings about the sensitive dimensions of money. The general perspective departs from works that provid an articulation of the institutional productions and marking of money and the sociology of money from domestic currencies (for example, those of pioneers like Viviana Zelizer, Jane Guyer, Ariel Wilkis, among others). It also includes the following perspectives:
(a) the theory of performativity (Michael Callon and others), which deals with the meanings experts assemble in order to design money in a CT;
(b) references to the article in *Stategraphy* (Vincent Dubois), which depicts conflicts and negotiations over the meanings of money transferred between local state actors involved in social policy implementation and CT beneficiary households;
(c) a sociology on the moral power of money in the currency practices of households (Ariel Wilkis), which exposes how CT money is impact by power relations mobilized from social constructions of gender and intergenerational disputes over the use of money; and
(d) perspectives on public money (Federico Neiburg and Soledad Sánchez), which show how a sociology of money can contribute to understanding the moral interpretations that social groups mobilize with regard to different forms of state redistribution.

My findings contribute to the construction of a “multi-situated” sociology of money that shows how money connects a world of plural social relations and practices. The social production of CT money is the result of an assemblage of plural meanings of money, which occur at different times and social spaces involving different patterns of actors, thereby mobilizing different knowledge and producing dissimilar meanings of money.

Economic practices and social meanings of money in inflationary contexts: The household economy in contemporary Argentina

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In Argentina, the problem of reducing inflation is a central issue in the public policy agenda and has become one of the main current concerns of the population. We live in times where the value of money and the persistent increase in the prices of goods and services in the national economy are widespread concerns. In this sense, we consider inflation to be a relevant phenomenon not only at the macroeconomic level, but also in relation to the ordinary economic practices of social actors.

Therefore, contrary to the mainstream literature which, drawing mainly from economics and political economy, has elaborated theoretical models to explain the causes and macroeconomic consequences of the inflationary processes that have taken place

in the country, we follow another direction. On the one hand, I aim to empirically reconstruct the role played by inflation in shaping the repertoires of economic practices – savings, investment, consumption, spending, and financing – of Argentine households in contexts of persistent inflation. On the other hand, I ask about the meanings that the actors attribute to this phenomenon as well as to the economy and the currency in inflationary contexts. In light of this, I inscribe my inquiry within the guidelines of contemporary sociology and the anthropology of money.

I am interested first in investigating the aforementioned elements by establishing comparisons between households belonging to different socio-economic sectors. Secondly, in order to deepen the analysis, I aim at understanding the ways in which past experiences related to inflation – considered significant by the actors themselves – can be linked to the repertoires of economic and financial practices that these actors deploy today. Finally, I will return to the discourses around inflation produced by economists and/or economic journalists that circulate through the media in order to analyze the way in which they are articulated with the meanings built by social actors and the practices that they conduct in their everyday lives, in the context of the inflationary phenomenon.

In order to do this, I use – in stages – a qualitative methodological strategy that combines semi-structured, in-depth interviews with members of selected households and participant observations of everyday activities linked to the organization of the household economy. My strategy also envisages the implementation of information-gathering techniques based on actors' self-registration of aspects related to ordinary activities that could be relevant to the investigation. Finally, I will collect and analyze news and discourses that refer to inflation circulating in the main national printed media.

Unstable futures: How do the middle classes cope with monetary instability?

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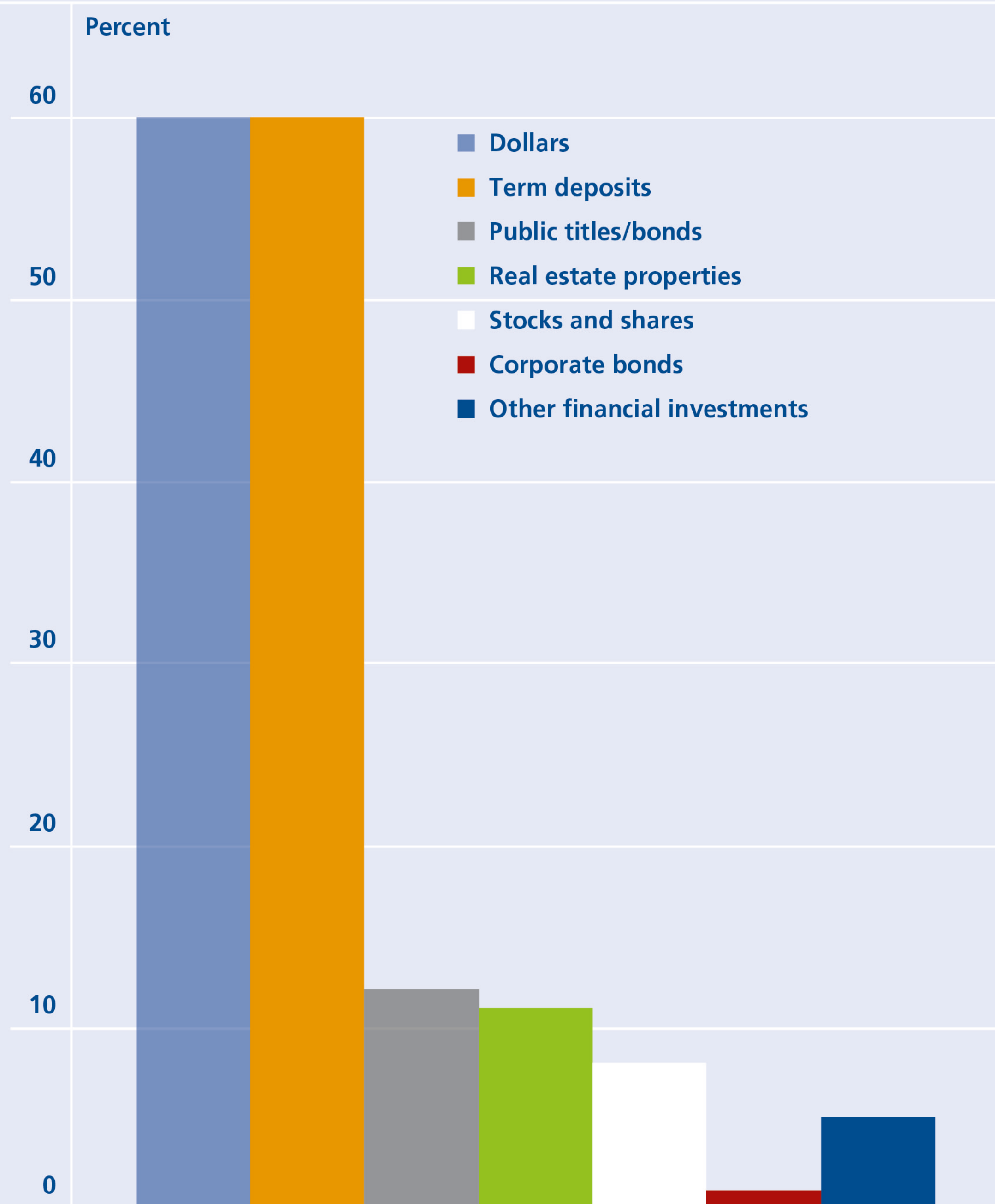
Far from being occasional events, episodes of monetary instability and currency crises are common features of contemporary capitalism. During such episodes, various elements can combine to make people's wealth increase or diminish overnight. Departing from the perception that scholars in the fields of sociology of money and political economy have failed to recognize the importance of studying the practices that ordinary people engage in to face the ups and downs of the value of money, the intention behind this research is to inquire into *how exactly it is that money manages to function properly as a store of value and what happens when it does not.* For this purpose, the research will analyze the social practices that lie behind macroeconomic processes commonly associated with situations of monetary instability and the motivations that guide these practices (such as capital flight peaks; Calvo 1998; Kaminski and Reinhart 2000).

The main goal of this project is to analyze how different groups of social actors cope with an unstable currency. I will look at the actions they take to preserve their wealth in situations in which institutions cannot assure money's value and at the logics that inform such decisions. Specifically, this project addresses three questions: (i) what strategies do social actors pursue in an attempt to preserve or increase their wealth under conditions of extreme uncertainty about the future of the economy and the currency; (ii) do these strategies vary across different social groups; and (iii) what motives inform their decisions?

The empirical case chosen for this study is contemporary Argentina. I consider this case to be of remarkable interest for at least two reasons. On one hand, Argentina has a long history of macroeconomic instability and currency crises; it is therefore an excellent setting in which to observe social actors' strategies for coping with monetary instability and their ways of interpreting currency upheavals. Indeed, since the early 1950s, the Argentine economy has repeatedly experienced almost every type of monetary disorder, including periods of high and sustained inflation, hyperinflationary peaks, and sharp devaluations. Remarkably, far from remaining passive during these critical episodes, the citizens of the country have developed a range of practices to cope with the ups and downs of their national currency. A second reason is that this case will allow me to analyze currency crises in depth from a social perspective using a variety of data whose combination might lead to enlightening insights. In fact, during the past year, the local currency, the peso, has experienced several upheavals, which creates an excellent opportunity to study a monetary crisis as it is unfolding. In this sense, I propose a qualitative methodological strategy that combines the analysis of qualitative sources (mainly semi-structured in-depth interviews and newspaper analyses) and of macroeconomic data (statistical information and central bank reports).

Common saving and investment strategies of the Argentinian middle class



Survey completed in 2017 by 2,470 individuals over 18 with bank accounts: "What were your investments during the last two years?" Multiple answers were possible.
Source: D'Alessio IROL Consultancy and Argentinian Chamber of Stock Exchange Agents.

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