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Symposium on Financialization

In 1996 Useem described how money managers were changing the face of corporate America converting economic dominance into political muscle. The essays by Wm Tabb and Wm Robinson make that former (national) face of capitalism seem rather benign. The essay by Saskia Sassen argues for moving away from the national-global dichotomy and replacing it with three complex institutions--territory, authority, and rights—each with a different capacity to be ‘denationalized’. Thus, the global involves the repositioning of particular national capabilities. Our contributors address the loss of national capacity. For Robinson, the global economic crisis offered an oppor-

tunity for a reconfiguration of territory and rights, viz., a dismantling of the national logics of welfare systems. He offers an excellent summary of how we moved through different phases of capitalism and their respective social, economic, and political implications. Tabb delves into the very mechanism of financialization. He writes that if monetarism is about minimizing state intervention, financialization is “about transforming the accumulation dynamic of contemporary capitalism”, with clear negative redistributive effects. On a lighter note, Schwartzman offers some thoughts on the phantasmas of currency crises. (K. Schwartzman)

The Word is “Financialization”

William K. Tabb

The City University of New York

It is true I was Kathleen Schwartzman’s T.A. at the University of Wisconsin-Madison, so dedication to work compels me to respond to her questions.

She asks: “Has monetary policy totally overpowered fiscal policy?” Governments have not been “deprived “of their capacity to manage the macroeconomy, they have “surrendered” it.

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The Money Mandarins of Global Capitalism*

William I. Robinson

UC Santa Barbara

The money mandarins of global capitalism and their political agents are utilizing the global crisis to impose brutal austerity and attempt to dismantle what is left of welfare systems and social states in Europe, North America and elsewhere. The budgetary and

fiscal crises that supposedly justify spending cuts and austerity are contrived. They are a consequence of the unwillingness or inability of states to challenge capital and their disposition to transfer the burden of the crisis to working and popular classes. Global mobility has given capital enhanced class power over nationally based working classes and

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Digging in the Penumbra of Master Categories

Saskia Sassen
Columbia University

In much of my work I have been keen on discovering what is obscured by the dominant vocabulary through which a major disciplinary subject is captured, described, and researched – immigration, the urban, globalization, digital technologies, just to mention those I have worked on. Thus in the case of globalization, the focus in this short piece, it is a vocabulary that emphasizes the global and the national as antagonists, whether it originates on the left or on the right of the political spectrum. This is a reasonable description and it is intuitively satisfying. The word globalization itself has the capacity to invoke a whole world in transformation. The clarity of these descriptions is blinding, and thereby produces a vast penumbra around itself. That is where I go digging, in that penumbra.

1. The increasingly fuzzy interaction of global processes and national territories.

Rather than starting with the global versus the national, I have taken three complex constructions present in almost all societies and examined how they became assembled into different historical formations (2008; 2011). These three constructions are territory, authority, and rights (TAR). They assume specific contents, shapes, and interdependencies in each historical formation. The choice of these three rests partly on their foundational character and partly on the contingency of my fields of knowledge. One could, and I hope someone will, choose additional components or replace one or another of these.

Territory, authority, and rights are complex institutionalizations constituted through specific processes and arising out of struggles and competing interests. They are not simply attributes. They are working capabilities. They are interdependent, even as
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Currency Crises and their Iconic Phantasmas

Kathleen C. Schwartzman
University of Arizona

In 1873, the U.S. dollar was taken off the silver standard. It was labeled the 'Crime of 1873'. In 1994, Mexico devalued its peso by 40 percent. It was labeled the "Error of December" (El error de diciembre).

Monetarists have written a great deal about these two currency shifts. Each was preceded by deep economic crises for which the currency shift was the alleged antidote. Each had social, political, and economic repercussions that provoked vociferous opposition. And each was symbolized with an iconic "phantasma". This is what the Wizard of Oz and Chupacabra have in common.

Devaluation and Rise of the Goatsucker (Chupacabra)

The decision of the Mexican government to devalue the peso by 40 percent was derisively called the "Error of December". The 1994 devaluation had devastating economic, social, and political consequences. It also had its icon in popular culture—the chupacabra. This creature drained blood from livestock, including chickens, sheep, cows, and of course, goats. Descriptions of the creature varied; it was described as part gargoyle, dog or lizard like, with bulging red eyes, and sharp spines or

quills running down its back. Some described it as grayish-green, and hopping like a kangaroo. The chupacabra was reportedly responsible for animal deaths in Argentina, Bolivia, Brazil, Chile, Dominican Republic, Colombia, Mexico, Peru, Puerto Rico several southern parts of the United States (particularly California, Florida and Texas). The dead animals showed signs of two bite-wounds on the neck and were drained of blood. Mexico was not its place of origin or its only 'hunting ground', but it gained its greatest fame in Mexico and Puerto Rico.

In 1992, Puerto Rican newspapers *El Vocero* and *El Nuevo Dia* reported sightings of a Vampire (*El Vampiro de Moca*) that had killed and sucked the blood of livestock. By 1994, the creature, which was called chupacabra, was commercialized and appeared on t-shirts and in video games and films. By 1996, the chupacabra was reportedly responsible for thousands of blood-sucking killings in Puerto Rico and Mexico. 1996 was declared the Year of the Chupacabra in Mexico.

Speculation was rampant. One common theme was that the imaginary monster was an invention of the government to distract attention from the Mexican reality of the Salinas presidency (1988-1994), a period beset with radical economic transformations and extreme political violence against the opposition. Chupacabra was also blamed for the assassination of
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Tabb: The Word is Financialization (continued)

The United States under a “socialist” President Obama could take leadership in international regime reformation and propose global level taxation of transnational corporations with proceeds distributed in three parts based on where production took place, where the goods and services are sold and a redistributive share to meet the needs of the poor of the world and ecological investments in poor countries to preserve the eco-system.

“Is monetarism just a system of class domination where Wall Street saves U.S. capital (and capitalism) while ignoring the lives of ordinary people?” A tricky two part question with faulty premises.

OK, let’s start with the last. Recall that it was the Fed and the Treasury which have saved Wall Street by extending \$13 trillion in loans, guarantees, and outright purchase of questionable assets? Wall Street does not save capitalism. Remember all the stupid things the bankers have done, look at Citigroup, which remember has been saved from collapse on three different occasions in recent years from its bad decisions.

I know Bernie Sanders is mad at the Fed, and of course they were very bad under libertarian Alan Greenspan who believed financial markets were always efficient and bankers as honest as the day is long. But Ben Bernanke, after what must be said was a bad, OK very bad, start, has done as well as one could expect. It is the case that the better alternative might have been to nationalize the banks, make the creditors take losses, and fire the managers after taking back their dishonestly accrued bonuses -- instead of forcing loans on banks, foreign and domestic. But the big point is “we” are against Big Government. The United States is not Sweden. If it were it would have, like the conservative party leadership in Sweden, nationalized the banks and made the investors (not depositors but buyers of their large denomination commercial paper and bonds) foolish enough to continue to lend to the bankers assuming the government would bail them out (again) take losses at little or no rescue cost to the taxpayers. As true conservatives say, “Real capitalists nationalize in a business-like way.”

As one of the two most popular news purveyors on TV would, let me offer you the word of the day: “financialization.” To grasp the meaning and importance of this key term, just think of financialization as monetarism on steroids. Monetarism is about minimizing state intervention, eschewing fiscal policy, and regulating markets, relying on central banks to raise interest rates at the merest hint of inflation, to slow the economy down, and demanding balanced budgets by cutting government spending.

Financialization is about transforming the accumulation dynamic of contemporary capitalism.

William Milberg applied the term to the greater share of GDP in the industrial countries accounted for by the financial sector; gross international capital flows, having grown much faster than world output and trade in goods and services, and non-financial firms increasingly involved in finance, rather than production as both a source and use of their funds. Mathew Watson suggests financialization can refer to the attempt by governments to subject the entire process of macroeconomic management to the needs of a “finance-led growth regime,” and the attempt by firms to enhance their standing on the stock market by engaging in “value-based management” designed to expand asset-based wealth. Some political economists combine phenomenological characteristics with a strong capital logic approach. Stanley Malinowitz understands financialization “in general terms as the increased domination of the power and logic of finance in the neoliberal period.” Seen this way, financialization has proven to be a form of redistributive growth. In this regard Thomas Palley suggests a “financialization thesis” which is that “these developments regarding increased debt, changes in the functional distribution of income, wage stagnation, and increased income inequality are significantly due to changes wrought by financial interests.”

The repair the economy needed is to downsize the financial sector, limit leverage, change tax deductibility of interest so that companies would have to raise more capital not rely on short term debt, and, channel spending to reinvesting in America

We could add it made inevitable the Great Recession. Amidst all the talk of fiscal and monetary policy we really need to change the direction of American capitalism. Yes, we need more fiscal stimulus. But the repair the economy needed is to downsize the financial sector, limit leverage, change tax deductibility of interest so that companies would have to raise more capital not rely on short term debt, and, channel spending to reinvesting in America. Let us review some of the continuing incentives which produced the global financial crisis.

In 2007 the large financial giants collectively lost over \$11 billion, but the rainmakers paid themselves \$33 billion in bonuses (more than in any other year). The collapse of Lehman Brothers destroyed \$22 billion for shareholders but compensation the year it failed was larger than in 2004 when the firm was profitable. All told in the decade to 2008, a decade in which the cumulative profits for shareholders was zero, employees were paid \$55 billion. In 2008 Citigroup lost \$28 billion but paid more in bonuses than in 2006 when it generated \$36 billion in profits. This may explain why it is rational for top financial firm operatives to take excessive risk in the bubble even if they understand that their decisions are likely to cause a crash in the immediate

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Robinson: The Money Mandarins of Global Capitalism (continued)

extraordinary structural influence over state managers who seek economic reactivation and macroeconomic stability.

To understand the current conjuncture we need to go back to the 1970s. The globalization stage of world capitalism we are now in itself evolved out the response of distinct agents to previous episodes of crisis, in particular to the 1970s' crisis of Fordism–Keynesianism, or of redistributive capitalism. In the wake of that crisis capital went global as a strategy of the emergent transnational capitalist class and its political representatives to reconstitute its class power by breaking free of nation-state constraints to accumulation. These constraints – the so-called 'class compromise' – had been imposed on capital through decades of mass struggles around the world by nationally contained popular and working classes. During the 1980s and 1990s, however, globally oriented elites captured state power in most countries around the world and utilized that power to push capitalist globalization.

Globalization and neoliberal policies opened up vast new opportunities for transnational accumulation in the 1980s and 1990s. The revolution in computer and information technology (CIT) and other technological advances helped emer-

gent transnational capital to achieve major gains in productivity and to restructure, 'flexibilize' and shed labour worldwide. This, in turn, undercut wages and the social wage and facilitated a transfer of income to capital and to high-consumption sectors around the world that provided new market segments fuelling growth. In sum, globalization made possible a major extensive and intensive expansion of the system and unleashed a frenzied new round of accumulation worldwide that offset the 1970s' crisis of declining profits and investment opportunities.

But crises of overaccumulation follow periods of hyperaccumulation. The current global crisis is one of overaccumulation, or the lack of outlets for the profitable absorption of surpluses. Crisis theory suggests that overaccumulation may be manifested in different ways. 'Profit squeeze' theorists demonstrated falling profits in the crisis of the 1970s, but this does not explain the current situation as profits soared in the period leading up to crisis and have recovered since their drop in 2008–09.

In the 1970s over-accumulation also took the form of stagflation, or inflation together with stagnation. Working and popular classes fiercely resisted in the early and mid-1970s a transfer of the costs of the crisis to themselves. Neither these classes nor capital were willing to shoulder the costs of crisis; this stand-off is what in my view generated stagflation. But working and

popular classes were able to put up resistance precisely because they faced capital within the confines of the nation-state. The gains these classes had made within nation-state capitalism and their ability to resist capital's impositions is precisely what led capital in the first place to go global – that is, to undertake a restructuring of the system through globalization.

Overproduction/Underconsumption

Stagflation and stand-off, however, do not characterize the current crisis. As has been amply documented, the portion of value going to workers has dropped sharply and living standards have plummeted since the late 1970s. Instead, it seems clear that overaccumulation is now expressed, as it was in the 1930s' crisis, as overproduction/underconsumption; the capitalist system is facing the challenge of how to unload surpluses profitably. The system had been stumbling from one lesser crisis to another since the mid-1990s – the Mexican peso crisis of 1995, the Asian financial meltdown of 1997–98, the recession of 2001 and the bursting of the dotcom bubble. By the new century two major mechanisms for unloading surplus would provide a perverse lifeline to the system: militarized accumulation and financial speculation.

Securitization made every pile of money, such as pensions, as well as debt itself, or negative money, a 'tradable' and therefore a source of speculation and accumulation.

The US state took advantage of 9/11 to militarize the global economy. The cutting edge of accumulation in the 'real economy' worldwide shifted from computer and information technology before the 2001 dotcom bust to a military–security–industrial construction–engineering–petroleum complex that also accrued enormous influence in the halls of power in Washington. Military spending skyrocketed into the trillions of dollars through the 'war on terrorism' and the invasions and occupations of Iraq and Afghanistan, acting to throw fresh firewood on the smoldering embers of the global economy. Spin-off effects of this spending have flowed through the open veins of the global economy – that is, the integrated network structures of the global production, services and financial system.

Financial speculation was made possible by deregulation of the financial industry together with the introduction of CIT that gave rise to a globally integrated financial system. The 'revolution in finance' has included over the past few decades all sorts of financial innovations – a vast and bewildering array of derivatives: swaps, futures markets, hedge funds, institutional investment funds, mortgage-backed securities, collateralized debt obligations, Ponzi schemes, pyramiding of assets, and many more. These innovations make possible a global casino, or transnational financial circuits based on speculation and the

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Robinson: The Money Mandarins of Global Capitalism (continued)

ongoing expansion of fictitious capital. Securitization made every pile of money, such as pensions, as well as debt itself, or negative money, a 'tradable' and therefore a source of speculation and accumulation. These innovations allowed global speculators to appropriate values through new circuits that were in many respects irrespective of space and irrespective of 'real' value or material production.

Predatory transnational finance capital has sought one outlet after another for frenzied speculation. The sequence of speculative waves in the global casino since the 1980s included real-estate investments in the emerging global property market that inflated property values in one locality after another, wild stock-market speculation leading to periodic booms and busts, most

notable the bursting of the dotcom bubble in 2001, the phenomenal escalation of hedge-fund flows and pyramiding of assets, currency speculation, one Ponzi scheme after another, and later on frantic speculation in global commodities markets, especially energy and food markets, which provoked a spike in world prices in 2007 and 2008 and sparked 'food riots' around the world.

As speculation in the global financial casino reached fever pitch following recovery from the 2001 recession, the 'real economy' was kept afloat momentarily by a massive increase in consumer debt (largely credit cards and mortgages) and federal deficit spending in the United States, which converted that country into the world's 'market of last resort'. The Federal Reserve decision to reduce interest rates to about 1 per cent in 2003 as a mechanism to overcome the recession also triggered a wave of speculation in the US mortgage market and prompted investors to indulge in the infamous subprime lending spree. The bottoming out in 2007 of the subprime mortgage market triggered the collapse a year later of the global financial system headquartered in Wall Street.

Yet in the perverse world of predatory transnational finance capital, debt and deficits themselves became new sources of financial speculation. Debt has become a major source of profit-making for transnational finance capital – the latest financial fix – to the extent that social consumption continues to decline as a source of accumulation. The global bond market stood in 2009 at an estimated US\$90 trillion and constituted the single biggest market for financial speculation in the wake of the 2008 collapse. Gone are the times that such bonds are bought and held to maturity. They are bought and sold by individual and institutional investors in frenzied 24-hour worldwide trading and bet

on continuously through such mechanisms as credit default swaps that shift their values and make bond markets a high-stakes gamble of volatility and risk for investors.

The current crisis, in my view, is structural more than cyclical. The last major structural crisis, of the 1970s, was resolved through capitalist globalization. And, prior to that, the structural crisis of the 1930s was resolved through the creation of a new model of Fordist–Keynesian or redistributive capitalism. Transnational capital and its political agents are attempting to resolve the current structural crisis by a vast shift in the balance of class and social forces worldwide – in effect, to deepen many times over and to consummate the 'neoliberal counterrevolution' that began in the 1980s. Some global elites have proposed a global

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reformism that involves a shift from neoclassical to institutional economics, a limited re-regulation of global market forces, some redistributive measures, state stimulus programs, and fomenting a shift from financial to productive accumulation. Yet it would seem that these reformers have been unable to prevail over the power of transnational finance capital.

Global capital has become a leviathan in which capitals from around the

world are so deeply interpenetrated not only across borders but through the overlap of productive and financial circuits that it is not clear how meaningful it is to continue to make a distinction between the two. The giant global financial conglomerates draw in individual and institutional investors from around the world and in turn circulate unfathomable amounts of capital into productive, commercial and service circuits. In the wake of globalization, it seems, global elites and capitalist state managers have lacked the political will or even the notion to restructure the system in any way that would re-establish some boundaries between financial and productive circuits or that would modify the role transnational finance capital has played as the regulator of the worldwide circuit of accumulation and the causal agent in the crisis.

Indeed, global speculators used the US state's bailout of Wall Street to channel a new round of speculative investment into the market in state-issued bonds and into bank lending to states strapped for cash in the wake of the 2008 economic collapse. Once the private banking and financial institutions recovered from the 2008 collapse – in large part thanks to government bailouts – they turned to unloading surplus into sovereign debt markets that they themselves helped to create. This new

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Sassen: Digging in the Penumbra of Master Categories (continued)

they maintain their specificity. Each can, thus, be identified. Specificity is partly conditioned by level of formalization and institutionalization.

Across time and space, territory, authority, and rights have been assembled into distinct formations within which they have had variable levels of performance. Thus territory has been a highly performative capability in nation-states. For vast organized religions, authority is likely to be the most critical capability. As it is for high-finance in my analysis (2008: ch 5; 7). Further, the types of instruments through which each gets constituted vary, as do the sites where each is in turn embedded—private or public, law or custom, metropolitan or colonial, national or supranational, and so on.

Using these three foundational components as analytic pathways into the two distinct assemblages that concern me in my current research, the national and the global, helps avoid the endogeneity trap that so affects the globalization literature. Scholars have generally looked at these two complex formations in toto and compared them to capture the differences. Rather than starting with these two complex wholes—the national and the global—I disaggregate each into these three foundational components.

They are my starting point. I dislodge them from their particular historically constructed encasements—in this case, the national and the global—and examine their constitution in different historical configurations and their possible shifting across (or getting embedded in) various institutional domains. This also produces an analytics that can be used by others to examine diverse countries in the context of globalization or different types of assemblages of TAR across time and space. And it means that to understand some key aspects of the current global phase requires detailed research inside the national—it is a vast collective, multi-sited, global effort.

Today, particular elements of TAR are becoming reassembled into novel global configurations. Therewith, their mutual interactions and inter-dependencies are altered as are their institutional encasements. These alterations take place both within the nation-state, for example, from public to private, and through shifts to the international and global level. What was bundled up and experienced as a unitary condition—the national assemblage of TAR—now increasingly reveals itself to be a set of distinct elements, with variable capacities for becoming denationalized. The disassembling, even if partial, denaturalizes what has often unwittingly become naturalized—the national constitution of territory, authority, and rights. These three building blocks are

my navigators inside the two black boxes that are the national and the global. Each evinces the analytic capability for dissecting these two master categories.

Some Questions of Method.

At its most abstract, my question is about how to study and theorize foundational transformations in and of complex systems. Complex systems are not made from scratch. A critical proposition I develop (2008) is the possibility that some capabilities can be shifted toward objectives other than the original ones for which they developed. The construction we call “law” or the “rule of law” in our Western history was a key element in the legitimizing of nation-states and national sovereignty, and the rupture they represented from a divine source of authority for

the sovereign. Sovereign authority can be conceived of as a complex capability present in both types of regimes, but embedded in different organizing logics. I then also posit that the “rule of law” was a critical capability also for legitimating of the implementation of neoliberalism, free trade, and privatization.

It would seem counter-intuitive to have a core capability that can be critical to systems that are opposed to each other—divine sovereignty versus secular national sovereignty, and national sovereignty versus neoliberal privatization.

The key dynamic that enables these shifts of complex capabilities across complex systems is that they become embedded in new organizing logics. In part 1 of *Territory, Authority, Rights* (2008) I examine how the constructing of the national involved in good measure a repositioning of particular medieval capabilities. In part 2 of that book this foundational reorientation is the construction of the global in good part through the repositioning of particular national capabilities. Part 3 then examines what assemblages might be forming though they may remain as yet barely legible, and what elements of the new organizational logic articulating territory, authority, and rights are getting locked in, thereby precluding other path dependencies. One critical component of this formation of new global assemblages inside the national as historically constructed is the partial denationalizing of that national.

Globalization or the Denationalizing of what was Historically Constructed as National.

In my reading of the evidence there are two distinct sets of dynamics driving globalization. One of these involves the formation of explicitly global institutions and processes, such as the World Trade Organization (WTO), global financial markets, the new cosmopolitanism, and the war crimes tribunals. The practices and organizational forms through which these

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Territory, authority, and rights are complex institutionalizations constituted through specific processes and arising out of struggles and competing interests. They are not simply attributes. They are working capabilities.

Sassen: Digging in the Penumbra of Master Categories (continued)

dynamics operate are constitutive of what is typically thought of as global scales.

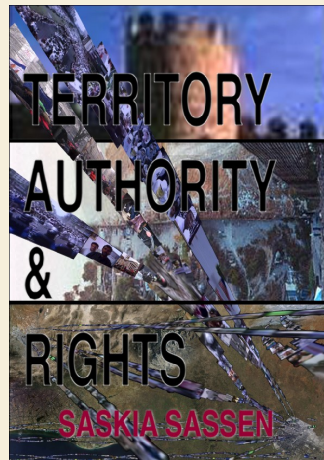
But there is a second set of processes that does not necessarily scale at the global level as such, yet, I argue, is part of globalization. These processes take place deep inside territories and institutional domains that have largely been constructed in national terms in much of the world. What makes these processes part of globalization even though they are localized in national, indeed subnational, settings is that they are oriented towards global agendas and systems. They are multisited, transboundary networks and formations which can include normative orders; they connect subnational or “national” processes, institutions and actors, but not necessarily through the formal interstate system.

Examples are cross-border networks of activists engaged in specific localized struggles with an explicit or implicit global agenda, for example, human rights and environmental organizations; particular aspects of the work of states, for example, certain monetary and fiscal policies critical for the constitution of global markets now being implemented in a growing number of countries; the use of international human rights instruments in national courts; and noncosmopolitan forms of global politics that remain deeply attached to or focused on localized issues and struggles.

A good part of globalization consists of an enormous variety of micro-processes that begin to denationalize what had been constructed as national—whether policies, capital, political subjectivities, urban spaces, temporal frames, or any other of a variety of dynamics and domains. Sometimes these processes of denationalization allow, enable, or push the construction of new types of global scalings of dynamics and institutions; other times they continue to inhabit the realm of what is still largely national.

They denationalize what had been *constructed* as national but do not necessarily make this evident. The institutional and subjective micro-transformations denationalization produces frequently continue to be experienced as national when they in fact entail a significant historical shift in the national. Such transformations often need to be decoded in order to become evident. These instantiations of the global, which are in good part structured inside the national, do not need to run through the supranational or international treaty system. Nor do they need to run through the new types of global domains that have emerged since the 1980s, such as electronic financial markets or global civil society. They include particular and specific components of

a broad range of entities, such as the work of national legislatures and judiciaries, the worldwide operations of national firms and markets, political projects of nonstate actors, translocal processes that connect poor households across borders, diasporic networks, and changes in the relationship between citizens and the state. They are mostly particular and specific, not general. They reorient particular components of institutions and specific practices—both public and private—toward global logics and away from historically shaped national logics (including in the latter international operations, which are to be differentiated from current global ones). Understanding our current global phase must include studying these processes of denationalization.



Much of the writing on globalization has failed to recognize these types of issues and has privileged outcomes that are self-evidently global. Global formations matter, and they are consequential. Yet even global regimes often only become operative, or performative, when they enter the national domain. This entry is predicated on—and in turn further strengthens—particular forms of denationalization.

The encounter between national and denationalizing processes is not an innocent event; it has multiple and variable outcomes. There is a sort of invisible history of the many moments and ways in which denationalizing tendencies failed to materialize and succumbed to the powerful currents of the national, still alive

and well. In other cases denationalizing processes feed nationalizing dynamics in separate though at times connected domains—for example, the denationalizing of certain components of our economy and the renationalizing in some components of our immigration policy. In brief, there is much more going on than meets the global eye. ■

Saskia Sassen is the Robert S. Lynd Professor of Sociology and Co-Directs The Committee on Global Thought, Columbia University (www.saskiasassen.com). Her recent books are *Territory, Authority, Rights: From Medieval to Global Assemblages* (Princeton University Press 2008), *A Sociology of Globalization* (W.W.Norton 2007), and the 4th fully updated edition of *Cities in a World Economy* (Sage 2011). *The Global City* came out in a new fully updated edition in 2001. Her books are translated into twenty-one languages. She is currently working on *When Territory Exits Existing Frameworks* (Under contract with Harvard University Press). She contributes regularly to www.OpenDemocracy.net and www.HuffingtonPost.com

Schwartzman: Currency Crises and their Iconic Phantasmas (continued)

presidential candidate Luis Donaldo Colosio in 1994. Derby provides the historical context for two prominent popular interpretations: the beast is President Salinas who sucked blood out of Mexican citizens; or, the beast is the "Imperialist" United States that sucked life out of Mexico. In the case of the first, the chupacabra, bore a resemblance to President Salinas, and represented Salinas and other dishonest politicians who were accused of sucking the life out of the nation (chupapatrias) with corruption, drug trafficking, and misappropriation of public funds. In the second, the chupacabra represented the United States which extracted the vital fluids from Mexico. This image reflects the popular anguish provoked by the dissolution of the national boundary and the erosion of national autonomy in the era of NAFTA (Derby 2005, 322). Both representations partake of Marx's sentiment—"Capital is dead labour, that, vampire-like, only lives by sucking living labour. . .and lives the more, the more labour it sucks" (1972, 233).

Extraction of Mexico's resources has a long history, but, Derby argues, the increased sightings of the creature symbolized a qualitatively different meaning in the middle of the 1990s. The diabolic consumption of livestock by the chupacabra represented the loss of Mexican sovereignty and state power to the United States; albeit implemented by Mexican elites and framed as the power of the "market" not of the United States. Neoliberalism and NAFTA opened Mexico to flows of capital and goods, substantially remodeled the countryside and left little economic space for small rural proprietors. Government subsidies to small independent ranchers and farmers were becoming extinct. They were unable to compete with goods either from the north or from the growing Mexican agribusiness. Without subsidies and facing inflation and soaring interest rates, many perished. They abandoned their plots. The monster put a face on the cause of the declining economic fate of the rural poor in the midst of much praised economic growth and market openings. The chupacabras was like the United States and its arm the IMF: elusive, invisible, yet extractive and controlling (Derby 2005, 323-325). Of course there were numerous internal cycles of business and nature that contributed to the fate of small farmers: demand dropped in 1993 and a 1996 drought was responsible for death of 3 million livestock and the loss of ten million tons of grains.

"El error de diciembre", one act of currency devaluation, highlighted the ongoing processes of neoliberalism; Chupacabra's victims highlighted the tragedy that had befallen the rural population.

The Crime of 1873 and the Wizard of Oz
The Wonderful Wizard of Oz, an allegory capturing the political and economic debates of the Populist Era, was written by Frank Baum in 1900. It contains a number of evil phantasmas. The wicked witch of the East symbolizes the Eastern financial and

business interests; the Wicked witch of the West symbolizes the large industrial corporations (or McKinley who defended the gold standard and denied independence to the Philippines after winning it). The fearless crows represent mortgage holders who peck relentlessly at farmers (the scarecrow).

The Crime of 1873 refers to the Coinage Act of 1873 which took the U.S. dollar off the silver standard. Those years of hardship and recession, were also times of grass-roots mobilization including the rise and decline of the populist movement. By 1894 unemployment had risen to 18.4 percent; the business failure rate was 133 per thousand, and bank suspensions numbered 496 in 1893, 89 in 1894, 124 in 1895, and 155 in 1896 (Rockoff 1990, 744). Farmers were being squeezed by low prices, high freight rates, and tight credit, leading to a distrust of railroad barons and bankers. Workers and farmers complained they were growing poorer while monopolies were growing richer. Many blamed the recession and impoverishment on the short money supply aggravated by the "Crime". The grass-roots movement, referred to as populism, advocated government ownership of the railroad, telephone and telegraph industries. The movement grew stronger during the 1892 depression, as farm prices plummeted and unemployment grew. Populists joined with supporters of Democratic Presidential candidate William Jennings Bryan to advocate for silver's return. They argued that the bimetallic standard, set by Alexander Hamilton in 1792 and functioning for most of the previous 100 years would ensure industrial growth and eliminate unemployment (essentially a support for an inflationary policy). They were opposed by supporters of gold who opposed increasing the money supply by adding silver.

Some have questioned any allegoric interpretation of Baum's book. Perhaps he was just writing a children's story with no intended commentary on the rise and eventual failure of populism. The most persuasive evidence to support the allegoric interpretation, given by Littlefield (1964), Rockoff (1990), and others is that Baum was a reform-minded Democrat who supported William Jennings Bryan's pro-silver candidacy and that references to current affairs also appear in his later works (Rockoff 1990, 757). While some have thought it was about the progressive movement not populism; or that the Wicked Witch of the West was not large corporations but the populist movement itself (especially Democratic reformers who thought the populists were dangerous radicals); one point remains: The Wizard of Oz and Chupacabra were monetary phantasmas, cultural productions that reflected the real hardships of lower classes that were powerless to ameliorate their own fate in the face of major economic shifts. In both cases, the villain was a currency shift. And thus the phantasmas of the Crime of 1873 and El Error de diciembre became icons of popular culture. ■

Tabb: The Word is Financialization (continued)

future. Since they do not have to return their bubble-year bonuses when the inevitable crisis occurs, and since they continue to receive substantial bonuses even in the crisis, they have a powerful incentive to pursue high-risk, high-leverage strategies. While an angry public and vocal public officials proposed various clawback provisions and vesting of earnings strategies, such incentives remain. Financial reforms to date have not put much of a dent into the financialization of the economy.

It is difficult to think about quantifying the costs of aspects of financialization, comparing them for example to the economic and social costs of the immediate aftermath of the collapse of the asset bubble in 2007-08, or the future costs of the moral hazard created by the expansive terms of the rescue of the financial system. We cannot know what would have happened if the unethical and illegal practices detailed earlier had been prevented, and if tax law and regulation regarding corporate governance in the United States anticipated the damage to the territorial U.S. economy, and its worker-citizens, and acted in what might be understood as the national interest. Nor can we know the ways in which such actions if taken in America would have influ-

enced other countries, and led to reconceptualization of international finance, trade, and investment regimes.

If all of this is a bit too abstract just remember financialization has produced a debt driven economy dependent on speculative bubbles which painfully collapsed and dimmed the employment prospects of members of this class who have been driven deep into debt by increasing tuition costs caused by cuts in state funding of higher education, students who face a ten percent unemployment rate as they enter the job market, can't move back to their parents because the home has been foreclosed and they are living in the family car. Who said this isn't relevant to our lives?

■

*William Tabb is Professor Emeritus of Economics, Political Science and Sociology at Queens College and Graduate Center, City University of New York. He is the author of *Financialization: The Appropriations of Finance and the Restructuring of Capitalism in Our Time* (Columbia University Press forthcoming) and *Economic Governance in the Age of Globalization* (Columbia University Press 2004)

Robinson: The Money Mandarins of Global Capitalism (continued)

speculative frenzy by financial capitalists is now being presented as working peoples living beyond their means, a convenient smokescreen that conceals the origins and nature of deficits and legitimates the call for social spending cuts and austerity.

Greece provides the textbook case. As is well known, Goldman Sachs led the charge of transnational investors into Greece, advising Greek financial authorities to pour state funds into derivatives in order to make national accounts look good and therefore to attract loans and bond purchases. Goldman Sachs then turned around and engaged in parallel derivative trading known as 'credit default swaps' – that is, betting on the possibility that Greece would default. This raised the country's cost of borrowing, making huge profits for Goldman Sachs and increasing interest rates many times over for Greece, while raising the prospect of sovereign debt default and therefore justifying brutal austerity measures. In other words, speculation in sovereign debt is a mechanism for extracting from working classes present and future income streams, a mechanism at work as well in Ireland and throughout the EU and in the United States, and more generally worldwide (in this respect, the Eurozone sovereign debt crisis is but the coming to the First World of the debt crisis that the global South has experienced for several decades).

The austerity sweeping across Europe is particularly revealing; it represents an acceleration of the process of the 'Third-Worldization' of the 'First World', in which the wealth concentrated at some poles of accumulation in the world is no longer redistributed downward locally towards First World labor aristocracies. Regardless of the outcome of financial crisis in each individual country case, capital wins in both the short and the long term. In the short term, investors cash in on a would-be defaulter with higher bond rates and/or through state bailouts that are channeled into their coffers. In the long run, austerity intensifies the processes of regressive taxation, privatization and the dismantling of the social wage. Behind massive cuts in education and increases in tuition in both Europe and the United States, for instance, is the steady march of the privatization and commodification of public education. In short, the toxic mixture of public finance and private transnational finance capital in this age of global capitalism constitutes a new battlefield in which the global rich are waging a war against the global poor and working classes. ■

*William I. Robinson is Professor of Sociology and Global and International Studies at the University of California-Santa Barbara

Abstracts

RECENT BOOKS

Thomas Janoski. 2010. *The Ironies of Citizenship: Naturalization and Integration in Industrialized Countries*. Cambridge: Cambridge University Press.

Explanations of naturalization and *jus soli* citizenship have relied on cultural, convergence, racialization, or capture theories, and they tend to be strongly affected by the literature on immigration. This study of naturalization breaks with usual immigration theories and proposes an approach over centuries and decades of explaining naturalization rates. First, over centuries, it provides consistent evidence to support the long-term existence of colonizer, settler, non-colonizer, and Nordic nationality regime types that frame naturalization over centuries. Second, over three and a half decades, it shows that left and green parties, controlling for an index of nationality laws, explain a direct and significant share of variation in naturalization rates. The book makes these theoretical claims believable by using the most extensive data set to date on naturalization rates that include *jus soli* births. It analyzes this data with a combination of five carefully designed case studies comparing two to four countries within and between regime types and tests them in 18 countries for 37 years with cross-sectional pooled regression techniques especially suitable to slow-moving but dynamic institutions.

Davita Silfen Glasberg and Deric Shannon. 2010. *Political Sociology: Oppression, Resistance, and the State*. Thousand Oaks: Sage/Pine Forest Press.

The book offers a challenge to existing models of state theory and power structure that largely focus on class dynamics by offering a reconceptualization that includes multiple, intersecting forms of oppression (gendered, racist, heteronormative, as well as class). We also introduce anarchy theory, post-structuralist theory, and queer theory into the conversation. And, in addition to a discussion of institutional structure and process we include a discussion of oppression socialization and social movements as part of the dynamics of power, oppression and resistance that affect the process and relationship between the state and society. The book ultimately provides a framework that weaves the strengths of existing models around Jessop's concepts of state projects, balance of forces, and selectivity filters. ■

RECENT ARTICLES

Harland Prechel and Theresa Morris. 2010. "The Effects of Organizational and Political Embeddedness on Financial Malfeasance in the Largest U.S. Corporations: Dependence, Incentives, and Opportunities." *American Sociological Review* 75:331-354.

This article examines the causes of financial malfeasance in the largest U.S. corporations between 1995 and 2004. The findings support organizational-political structure theory, which suggests that differential social structures create dependencies, incentives, and opportunities to engage in financial malfeasance. The historical analysis shows that neoliberal policies enacted between 1986 and 2000 resulted in organizational and political structures that permitted managers to engage in financial malfeasance. Our quantitative analysis provides three main findings. First, capital dependence on investors creates incentives to engage in financial malfeasance. Second, managerial strategies to increase shareholder value create incentives to engage in financial malfeasance. Third, the multilayer-subsidary form and the political structure permitting corporate PAC contributions create opportunities to engage in financial malfeasance. Because the corporate and state structures in which financial malfeasance occurred were the outcome of a well financed and systematic political strategy by corporate America, these findings have implications for public policy.

Robert B. Smith. 2010. "The Academic Mind Revisited: Contextual Analysis via Multilevel Modeling." *Applications of Mathematics in Models, Artificial Neural Networks and Arts*. Pp. 163-193. Vittorio Capecchi, Massimo Buscema, Pierluigi Contucci, and Bruno D'Amore, (Eds.). Dordrecht: Springer.

Contemporary studies of the politics of American professors compare their political preferences to those of the American public. That some professors exhibit more liberal attitudes than the public leads critics to ask whether this difference biases teaching and enforces political correctness that stifles the study of controversial topics. To provide an alternative substantive and methodological paradigm for future studies of academia—one that focuses on social processes and mechanisms—this paper briefly reviews Lazarsfeld and Thielens's *The Academic Mind: Social Scientists in a Time of Crisis*. They studied the effects of McCarthyism on academia, documenting how contextual and personal variables influenced the professors' apprehension, i.e., worry and caution. This paper then applies multilevel statistical modeling to their pivotal contextual tables, showing how contemporary statistical methods can advance their analysis by close inspection of tabular data. In doing so, this paper provides

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Abstracts (continued)

a concise introduction to the use of SAS's Proc Mixed and Proc Glimmix; the SAS code and data are available from the author. Multilevel models can incorporate simultaneously the effects of numerous contextual and individual variables, providing measures of effects and appropriate tests of significance for the clustered data.

Phillip A. Hough. 2010. "Hegemonic Projects and the Social Reproduction of the Peasantry: Examining the National Federation of Coffee Growers and the Revolutionary Armed Forces of Colombia in World Historical Perspective" *Review: The Journal of the Fernand Braudel Center* 33/1.

The author engages the debate on depeasantization through a comparison of the of the peasant populations of two micro-regions of Colombia from the postwar developmental decades until the present era of neoliberal globalization. The first region (the coffee-producing region of Viejo Caldas) highlights the dominant trend found in the literature: a shift from stable small-holding farmers towards increasing marginality and depeasantization. However, the second region (the southern agricultural frontier region of Caquetá) has shifted from a marginalized frontier subsistence peasantry to a relatively stable class of coca-producing smallholders. The author finds that the stable social reproduction of the peasant populations of each region over time depends in important ways on the role of regional elite organizations that take on state-like functions in an attempt to implement 'hegemonic projects' that mediate world market demands from above with social class demands from below.

Phillip A. Hough. 2010. "Global Commodity Chains and the Spatial-Temporal Dimensions of Labor Control: Lessons from Colombia's Coffee and Banana Industries." *The Journal of World Systems Research* 16:123-161.

In this paper, the author seeks to explain the trajectories of local labor regime dynamics in Colombia's coffee and banana industries from the post war developmental decades until the present. In order to explain these dynamics, the author first develops a neo-Gramscian ideal-typical schema to highlight the full range of labor regime dynamics emergent in Colombia, including "hegemonic," "despotic," and "crisis" regimes. The author then develops a theory of local labor regime types that draws from Giovanni Arrighi's work on commodity chains. Finally, using comparative and world-historical methods, the author finds that the shifting trajectories of labor regimes in Colombia are indeed affected by the nodal location of these regimes within their respective commodity chains.

Andrew Buck. 2010. "Network Mobilization and the Origins of the Putin Coalition." *The Journal of Communist Studies and Transition Politics* 25:445-470.

Winner, JCSTP 2010 Prize for best article

How the Putin coalition rose to dominance remains a contested question. Theories of mobilization argue that organizational networks are important to the founding and success of political coalitions. Comparison of the organizational networks of rival coalitions in the city of Tambov provides insights into their origins and how they mobilize supporters. The Putin coalition drew on previously existing political structures that had been gaining strength during the Yeltsin years. This fledgling coalition enjoyed support from rank-and-file members of civic organizations, while its rivals founded top-heavy civic organizations that lacked substantial support from below.

Yoshito Ishio. 2010. "Social Bases of American Patriotism: Examining Effects of Dominant Social Statuses and Socialization." *Current Sociology* 58: 67-93.

Based on a 2004 national survey data set, this article examines the effects of sociodemographic variables on American patriotism. This article demonstrates the usefulness of the generalized group dominance perspective in explaining the effects of some sociodemographic variables on patriotism. Whether socially hierarchical structures are based on race/ethnicity, religion, age or socioeconomic class, members of socially dominant groups are more emotionally attached to their country than are socially subordinate groups. However, the socialization perspective is applicable in explaining a negative effect of advanced education on patriotism. American academia may socialize students to internalize values and norms that question patriotism. ■

Graduate Horizons Why Study Civic Action? A Commentary by Paul Lichterman

In this installment of Graduate Horizons we attempt to see beyond the State. What does an engaged political sociology that sees beyond the State look like? We asked Paul Lichterman of the Department of Sociology and the School of Religion at USC to share some insights from his recent work. Paul has published extensively on civic organizations, politics, culture, religion, social movements, and theory. He is the sole author of two books, The Search for Political Community: American Activists Reinventing Commitment (Cambridge 1996) and Elusive Togetherness: Church Groups Trying to Bridge America's Divisions (Princeton 2005). His recent article, "Religion and the Construction of Civic Identity," appeared in the American Sociological Review (2008:83-104). —GAS

The politics of academic language can shift unpredictably. Twenty years ago, progressives identified with the terms "civic" and "civil society." They used them to describe arenas where citizens freely and openly decide how society should work rather than letting the market's invisible hand or the state's gloved fist knock them around. These terms connoted democratic, egalitarian, participatory. Increasingly, "civic" has become a code word for neoliberal policies that shrink the state's responsibilities for public welfare. These policies may give the appearance of being participatory by expanding private citizens' opportunities to charter their own schools, build their own networks of social support through "faith-based" initiatives, float or sink by their own wits, competitiveness or luck. Tea, anyone? While the changing political valence of the term makes it only more intriguing, there have long been good reasons to study civic action, and good reasons for the large outpouring of research on the topic over the past fifteen years.

Let's get clearer, first, on what civic action is. "Civic" often has been a normative term, conjuring up images of hard-working volunteers doing things for their community. That's where our re-thinking can start. While current work defines civic action in different ways, research of mine, some in conjunction with colleague Nina Eliasoph, drops the normative connotations and treats civic action as collective, public problem-solving that people organize for themselves relatively freely. This definition is indebted to the American pragmatist tradition but it resonates with two centuries of theorizing on democracy. Civic action may animate social movements, professional associations, non-profit advocacy and social service organizations of all sorts,

along with the more traditional, face-to-face volunteer groups that often have stood as the exemplars of "civil society." Studying civic action means studying where and how people carve out space for directing social life as ordinary citizens, whether the action is local, consensual, conflict-ridden, highly political, global or any combination of these.

Much of the American re-birth of interest in civic action since the 1990s has taken its inspiration not from pragmatism but Alexis de Tocqueville's claims that civic associations would expand people's horizons of public concern and cultivate a taste for citizenly initiative. To many researchers today, these expectations are a compelling warrant for studies that assess the rates of civic engagement in the U.S and the explosive growth of NGOs around the world. *Democracy in America* offered a measured, ambivalent assessment of the potentials of civic association, but it is the sunnier, more confident claims that have powered a lot of the contemporary discussion of associational life and its virtues. And sometimes those virtues have shined. But

We should want to know how and when civic action narrows as well as expands a society's horizons of solidarity and not assume in advance that most forms of civic engagement normally make public life more democratic, egalitarian or participatory.

studying civic action also means having a dispassionate eye out for the cases in which collective, public problem-solving takes shape in racist groups, anti-democratic and nativist movements. We should want to know how and when civic action narrows as well as expands a society's horizons of solidarity and not assume in advance that most forms of civic engagement normally make public life more democratic, egalitarian or participatory.

Freed of normative connotations, civic action is politically and morally ambiguous—and that's part of what makes it a crucial topic for political sociologists. We need studies of voluntary associations whether or not they always produce democratic goods, but civic action encompasses more than Kiwanis Clubs or parent-teacher associations. Of course, sites of civic action such as social movements or non-profits have large research literatures already, and may seem quite different, so why subsume them under the concept of "civic"?

One reason is that the concept of civic action gives us a strong comparative angle on big questions about social organization. A lot of important research has inventoried the size of the civic or non-profit sphere. But we also can ask how much institutional room a society has for different sorts of citizen-directed rather than purely market-driven or state-mandated problem-solving. What are different ways that civic action connects with commercial enterprises and state agencies? Who is really in control in

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Graduate Horizons
Why Study Civic Action?
A Commentary by Paul Lichterman (*Continued*)

these varying arrangements? We can also ask about differences:

When and how does civic action become contentious? What do civic ties mean to participants? Earlier work of mine on community service groups shows how in some situations, a “good” civic relationship is one in which people depend on each other to carry out tasks efficiently, while in others, it is one in which people encourage each other to criticize government policy. The meanings matter; they shape the ways civic efforts shepherd resources and relate to surrounding institutions. If we assume that civic action typically bolsters and expands democratic participation, then we are saying that the political functions and meanings of civic action are mostly given. We gain much more by opening these to investigation and comparison instead of assuming in advance.

My current research on affordable housing advocacy shows some of the intriguing political ambiguities of civic action. Af-

fordable housing developments sound like a progressive answer to a long-festering and recently catastrophic problem. The current mode of affordable housing development results, maybe ironically, from Reagan administration policies that turned away from public housing projects and opened opportunities for local housing developers to apply for grants, often from state and local government or private foundations, to build apartments for low-income people. A seemingly neoliberal initiative has produced a whole industry of affordable housing non-profits. Many who work in them understand themselves as progressives supplying a public good. These developers collaborate sometimes with social movement organizations that oppose gentrification and promote housing justice. Affordable housing developers—professionals who make salaries and work in offices—are engaging in civic action, though they don’t look like the classic local civic group. Whether or not we think non-profit housing developers are preferable to federal housing agencies on political grounds, they are just one illuminating window on the potentials and liabilities of civic action. ■

Call for Submissions: *States, Power, and Societies* Volume 16 #3.

We invite your commentaries and suggestions for symposia for the next volumes. I have invited contributors for the last five issues but would be delighted to have input from section members. Please continue to send abstracts of your recently published books, articles, completed dissertations, announcements of meetings, or other opportunities that you think would be of interest to our section members. We will publish our last issue shortly before the ASA convention. Your input is welcome!

**Please send your comments and submissions to Kathleen C. Schwartzman
 (polsoasa@email.arizona.edu)**