Critical Junctures in Mobile Capital

During the recent financial crisis, the conflict between sovereign states and banks over who controls the creation of money was thrown into sharp relief. This collection investigates the relationship between states and banks, arguing that conflicts between the two over control of money produces critical junctures. Drawing on Max Weber’s concept of ‘mobile capital’, the book examines the mobility of capital networks in contexts of funding warfare, global bubbles and dangerous instability disengaged from social-economic activity. It proposes that mobile capital is the primary class conflict of capitalism, and furthermore, argues that the perennial, hierarchical struggles between nation-states and global banks is intrinsic to capitalism. Featuring authors writing from an impressively diverse range of academic backgrounds (including sociology, geography, economics and politics), Critical Junctures in Mobile Capital presents a variety of analyses using current or past examples from different countries, federations, and of differing forms of mobile capital.

Jocelyn Pixley is Honorary Professor at Macquarie University, Sydney, Australia, and Professorial Research Fellow with the Global Policy Institute. An economic sociologist, her fieldwork involves interviewing top officials in financial centres. She is the author of Emotions in Finance, now in its second edition (2012), and she edited a volume on the same theme entitled New Perspectives on Emotions in Finance (2012). With Geoff Harcourt, she edited the volume Financial Crises and the Nature of Capitalist Money (2013).

Helena Flam is Emeritus Professor of Sociology at the University of Leipzig, Germany. Previous to this appointment, she assisted in setting up the Swedish Collegium for Advanced Study and was a fellow at Max Planck Institute for Social Research in Cologne. She has written and organized conferences on transnational social movements, transitional justice and transnational financial institutions.
Critical Junctures in Mobile Capital

Edited by

JOCELYN PIXLEY
Macquarie University

HELENA FLAM
Leipzig University
To Maria Renata Márkus
Contents

List of Figures  ix
List of Tables  x
Notes on Contributors  xi
Acknowledgements  xvi
Introduction  1
\hspace{1em} Jocelyn Pixley

1 Sovereign Nations and the Governance of International Finance  38
\hspace{1em} Renate Mayntz

2 Coping with the Dangerous Component of Capital Flows and Asia’s Ineffective Cooperation  52
\hspace{1em} Iwan Azis

3 How Mobile Capital Plays Off Democracy: The Euro and Other Monetary Federations  68
\hspace{1em} Jocelyn Pixley

4 Mobile Capital as the Ultimate Form of War Finance  93
\hspace{1em} Luca Fantacci and Lucio Gobbi

5 Capital Moves Financially: Securitisation, Value and the Emergent Social Relations of Labour  113
\hspace{1em} Dick Bryan and Michael Rafferty

6 International Money after the Crisis: What Do We Know?  131
\hspace{1em} Herman Mark Schwartz

7 Beware of Financialization! Emerging Markets and Mobile Capital  156
\hspace{1em} Andreas Nölke
<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
<th>Author/s</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Lagoon Immobility: The Exceptional Case of Imperial Venice</td>
<td>Sam Whimster</td>
<td>182</td>
</tr>
<tr>
<td>9</td>
<td>Impacts of Mobile Capital’s ‘Convenient Reverse Logic’</td>
<td>Jocelyn Pixley</td>
<td>200</td>
</tr>
<tr>
<td>10</td>
<td>Imagine: Grassroots against Financialization</td>
<td>Helena Flam</td>
<td>218</td>
</tr>
<tr>
<td>11</td>
<td>Money, State and Capital: The Long-Term Perspective</td>
<td>Helmut Kuzmics</td>
<td>243</td>
</tr>
<tr>
<td>12</td>
<td>Superdiversity, Exploitation and Migrant Workers</td>
<td>Shaun Wilson</td>
<td>254</td>
</tr>
<tr>
<td>13</td>
<td>The Bitcoin or the Reality of a Waking Dream</td>
<td>Massimo Amato</td>
<td>268</td>
</tr>
<tr>
<td>14</td>
<td>Capital Mobility and the Fragmentation of Monetary Sovereignty</td>
<td>David Woodruff</td>
<td>277</td>
</tr>
<tr>
<td>15</td>
<td>Complementary Currencies as Weapons in Times of Financial Instability</td>
<td>Laura Sartori</td>
<td>282</td>
</tr>
</tbody>
</table>

Index 289
Figures

1.2 Regulatory Structure of Financial Market Governance after the Crisis, 2010.  
4.1 US military imports and government grants.  
4.2 US gold reserves and external liabilities.  
4.3 United States, inflation rate.  
4.4 US government debt and wars.  
7.1 Financial profit as a share of total domestic profit, United States, 1934–2016.  
7.2 Levels of foreign ownership, FDI Inward Stock as percent of GDP, 2011.  
7.3 Barriers to incoming FDI, FDI Regulatory Restrictiveness Index, 2012.  
7.4 Levels of state control, 2008–2013.  
7.6 State ownership of the largest banks, 2002, in percent.  
7.7 International reserves minus gold in months of imports (2011).  
9.1 Share of income held by top 1 per cent in developed countries, 1913–2009.
## Tables

4.1 Wars involving the United States since World War II. \( page \ 106 \)

9.1 Assertions of social-economic benefits of ‘light touch’ in the United States. \( 203 \)

9.2 Changes in shares of global income. \( 205 \)
Contributors

Massimo Amato is Associate Professor of Economic History and History of Economic Thought at Bocconi University, Milan, Italy. His main interest is on money as an institution, and his approach to the phenomenon is at the same time philosophical, economical and historical. His consideration for theory leads him to engage in concrete projects of monetary reform, in particular in the field of complementary currencies. Among his books are The End of Finance (2012), Saving the Market from Capitalism (2014), both with L. Fantacci, and L’éénigme de la monnaie (2015).

Iwan Azis is Professor at Charles H. Dyson School of Applied Economics and Management at Cornell University, Ithaca, New York, USA, since 1992 and Professor of Economics at the University of Indonesia since 1977. His major interest is on the link between macrofinancial development and social issues, and he has done consulting work for various international organizations and universities. He was in charge of Asia’s regional integration and cooperation at the Asian Development Bank. His recent book, co-authored with Hyun Song Shin of the Bank for International Settlements (BIS), is Managing Elevated Risk (2015). He was awarded ‘Distinguished Scholar in Regional Science, Financial Economics, and Economic Modeling’ in July 2006.

Dick Bryan is Professor of Political Economy at the University of Sydney, Australia, where he researches the expanding frontiers of financial derivatives, and the incorporation of households into global financial processes. An ongoing theme is the breaking down of national barriers to trade, investment and finance and the associated breaking down of national systems of economic calculation.

Luca Fantacci teaches economic history at Bocconi University, Milan, Italy. His research focuses on the history of financial systems and...
economic thought. He is the coeditor of *Money and Calculation* (2010) and the author, together with Massimo Amato, of *The End of Finance* (2011) and *Saving the Market from Capitalism* (2014).

**Helena Flam** did her Fil.Kand. in Lund, Sweden and her PhD at Columbia University in New York City, USA. She has done research on organizations, institutional discrimination, emotions and social movements. She currently directs a project on ‘critical lawyers’ in Germany and is on the executive board of a funding program entitled, ‘Eastern Europe – Global Area?’. Her most recent coedited volume is entitled *Methods of Exploring Emotions*. She is the initiator and the current president of the Thematic Group 08 on Society and Emotions of the International Sociological Association. On April Fools’ Day 2017, she mutated into Emerita.

**Lucio Gobbi** studied economics, finance and social sciences at Bocconi University, Milan, Italy. His research interests include international economics, finance and the application of network analysis to the study of financial markets. He is currently working on a PhD thesis at the University of Trento, Italy, on clearing mechanisms in real and financial markets.

**Helmut Kuzmics** studied economics and sociology in Graz and Vienna. He was Professor of Sociology at the University of Graz, Austria, until his retirement in May 2013. He is co-author of *Authority, State and National Character: The Civilizing Process in Austria and England, 1700–1900* (with R. Axtmann, 2007) and *Emotionen, Habitus und Erster Weltkrieg Soziologische Studien zum militärischen Untergang der Habsburgermonarchie* (with Sabine Haring, 2013), and co-editor of *Theorizing Emotions. Sociological Explorations and Applications* (with D. Hopkins, J. Kleres and H. Flam, 2009). His research interests include historical and comparative sociology, and the sociology of emotions.

**Renate Mayntz** is Emeritus Director of the Max Planck Institute for the Study of Societies (MPIfG) in Cologne, Germany. She is editor of *Crisis and Control: Institutional Change in Financial Market Regulation* (2012) and *Die Reformierbarkeit der Demokratie: Innovationen und Blockaden* (with Wolfgang Streeck, 2003). She has also authored the

Andreas Nölke is Professor of Political Science with a focus on International Relations and International Political Economy at Goethe University in Frankfurt, Germany. He is also associated with the Centre for the Study of Globalisation and Regionalisation (CSGR), University of Warwick. Before joining Goethe University, he taught at the universities of Konstanz, Leipzig, Amsterdam and Utrecht. His articles have appeared in journals such as World Politics, Review of International Political Economy, Business and Politics, International Politics, Journal of International Relations and Development, Competition and Change, Critical Perspectives on International Business, European Journal of International Relations and the Journal of Common Market Studies.

Jocelyn Pixley is Honorary Professor in Sociology at Macquarie University, Sydney, Australia. An economic sociologist, she has published six books as well as journal articles in the BJS, T&S, Contemporary Sociology, Journal of Socio-Economics and AJES. Her publications include Emotions in Finance: Booms, Busts and Uncertainty, second Edition (2012; first edn, 2004; Cambridge University Press), and an edited New Perspectives on Emotions in Finance (2012). She co-edited Financial Crises and the Nature of Capitalist Money (with Geoff Harcourt, 2013). She is currently writing on money’s role in economic activity and on central banks for Cambridge University Press. Her empirical work mostly comprises interviews with international financiers, central bankers and financial journalists.

Michael Rafferty is Australian Research Council Future Fellow in the School of Business at the University of Sydney. His research focuses on finance, risk and everyday life, especially expressed via the changing role of private pension schemes; and also on international portfolio investment flows.

Laura Sartori is Associate Professor of Sociology at the Department of Political and Social Sciences at the University of Bologna, Italy.
She holds a PhD in sociology and social research from the University of Trento, Italy. She works on several topics in economic sociology, social innovation and the social and political implications of information and communication technology (ICT). Current projects are about complementary currencies and the sociology of money, sociology of disasters and social innovation, and the social and political implications of Internet of Things. She recently published ‘From Complementary Currency to Institution: A Micro-Macro Study of the Sardex Mutual Credit System’ (with P. Dini, 2016) and ‘Social Innovation and Natural Disasters: The Case of the Casa Italia Plan’ (with F. Pagliacci and M. Russo, 2017).

Herman Mark Schwartz is Professor in the Politics Department of the University of Virginia, Charlottesville, USA. He authored or coedited seven books, and has authored over sixty articles and chapters on development, welfare states and global capital flows.


Shaun Wilson is Associate Professor in the Department of Sociology at Macquarie University, Sydney, Australia. Shaun works on projects related to political sociology, the sociology of work and the sociology of labour movements, and he teaches courses on social policy, social inequality and social movements in the Department. At present, he is writing on the shifting politics of the minimum wage in the Anglo-democracies and attitudes to immigration and asylum seekers in Australia. In his spare time, Shaun loves birdwatching in Australia and in faraway lands.
Notes on Contributors

David Woodruff is Associate Professor of Comparative Politics at the London School of Economics and Political Science, UK. He is the author of *Money Unmade: Barter and the Fate of Russian Capitalism* (1999) and a number of articles on Russian and Soviet political economy. His prior work also includes ‘Governing by Panic: The Politics of the Eurozone Crisis’ (2016).
Acknowledgements

Books are brimming with debts to those who enjoy their gifts and collaboration from past generations, and in the present. These debts are unlike those to creditors, which comprise mobile capital, its self-justifications and hoarding instead of creating money committed to decent, global full employment. In contrast, the debts herein are acknowledgements to the many analysts of capitalist money. There are no lists of those who are amply cited in the chapters in this volume, in gratitude for writers and scholars with whom they agree or disagree. Nor are there precise details of debts to the authors who contributed to the collection and their enormous help. This was in writing their chapters and, as important, in assisting in many ways to further the book’s design and composition. The book is dedicated to Maria Márkus (1936–2017) of the Budapest School who created a community of scholars. It was a privilege to work with her at university; she supervised her many, devoted PhD students (myself in the 1980s) to aim to have something worthwhile to say. In editing to my theme and contributing, too, I hope to reach for that; Maria knew our book had left the shore to the sea of others’ judgement.

Thanks are to the anonymous referees and particularly to the insights of Phil Good, Cambridge University Press’s Commissioning Editor, who did urge that Cambridge University Press take a bet on the book’s success. This is the hope, because more debate and (polite) disputations are sorely needed. Adam Hooper organized Cambridge University Press’s production of the book with great patience. Informally, thanks are to Harry Field and Sam Dawson who gave it such thoughtful critical reading and to all the other friends for their solidarity.

xvi