Received: 22 September 2020 | Revised: 9 March 2021 | Accepted: 24 March 2021

DOI: 10.1111/jtsb.12278

ORIGINAL ARTICLE

WILEY

Is the social study of finance necessarily nominalist? Using realism to address shortcomings in actor-network theory approaches to financialisation and everyday life

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Abstract

The financial crisis of 2007–2009 has reignited an interest among sociologists and social scientists in finance and economics, especially in technical aspects of the economy and the inner workings of market relations. However, in these cases social studies of finance retain a distinctly nominalist character, focusing on individual interactions in a market treated as a means of coordinating exchange. The social study of finance as a field seeking to address everyday financial decisions in relation to market expansion and fluctuation is predominantly characterised by its use of actor-network theory to explain the emergence and development of financial systems and networks, to the exclusion of equally necessary studies of the inequality that pervades newly financialised economies. I therefore argue for the need to revisit earlier political economy approaches to the study of finance, taking seriously criticisms leveled at such work by actor-network theorists who worry about excessive structural determinism and rigidity. To this end, I contrast nominalism with realism, in order to

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think about financial systems as emergent properties within the contemporary social formation. By thinking about actors as individuals that enter into existing sets of social relations, which shape their actions, it is possible to understand the origins of financial inequality. As actors interact with social structures, however, they ultimately change their character, rendering them anew in different circumstances, and therefore avoid the deterministic character of structures.

KEYWORDS
finance, nominalism, political economy, realism

1 | INTRODUCTION

The 2007–2009 global financial crisis, originating as it did in mass defaults on subprime loans and mortgages by 'high-risk' borrowers in the United States, has undoubtedly triggered renewed interest on the part of social scientists in financial inequality. Recently they have become interested in the normalisation of the logic of finance within daily life, so much so that even middle- and working-class households in North America and Western Europe rely on financial products and capital markets to make ends meet and save for the future, although this results in potentially destabilising effects on national and international economies. A field of growing importance known as the study of 'everyday finance' has therefore emerged, represented notably in the work of Paul Langley (2006; 2007; 2008a; 2008b; 2008c; 2015) who emphasises the interconnection of networks of everyday investment and borrowing with those of capital markets and global finance in the creation of 'everyday entrepreneurs' whose household decisions are increasingly linked with financial risk and reward. Langley's work is part of a larger tradition within the sociology of finance (cf. MacKenzie, 2006), then, which is influenced by actor-network theory in its quest to understand the interactions of human and nonhuman actors in the creation and functioning of global financial systems so characteristic of contemporary capitalism. The networks that develop, according to Knorr Cetina and Preda, are 'not only of the corporate economy, but also of politics, the welfare and social security system, and general culture' (2005, p. 1), which is why many sociologists working in this area consider their work to be a form of 'cultural economics' (Du Gay & Pryke, 2002).

The focus of a culturally-inflected sociology of finance that seeks to relate the everyday life of individuals and their financial concerns with market developments and trends is thus different from earlier approaches to finance in political economy that highlight structural features of the economy and their effects on the working class. Classically, stagnating accumulation in the productive sphere is said to lead to the escape of profit into the realm of finance (Baran & Sweezy, 1966; Sweezy, 1997). Thus 'financial expansion and credit provision were able to create prosperity', although 'as soon as credit growth had run its course, the underlying crisis burst out' (Lapavitsas, 2011, p. 613: cf.; Harman, 2009; Callinicos, 2010), to the detriment of working-class borrowers and middle-class investors the world over. Cultural economists, in contrast, are keen to dissociate themselves from abstract structural explanations of economic change, preferring instead particular descriptions of interactions between human and nonhuman actors in understanding the role of finance. In this sense, they espouse a nominalist epistemology, insofar as nominalism holds that the only knowable objects of study are concrete particularities rather than abstract universals. Cultural economy and the study of everyday finance are thus, as Thomas Lemke has it, 'subverting self-evidences and universal truth claims' (2007, p. 47) by invoking a form of nominalism associated with Michel Foucault, who holds that such an epistemology makes 'visible a singularity at places where there is a temptation to invoke a historical constant [...] or an obviousness which imposes itself uniformly on all. To show that things "weren't as necessary as all that"' (Foucault, 1991, p. 76). In short, cultural economists and sociologists of everyday finance reject structural explanations as reducing the spread of finance and financial activity to mere epiphenomena of capital accumulation, rather than as objects of study in their own right.

As I argue in this paper, however, the study of individualised actors forging networks through their newly-financialised practices and habits emphasises the emergence of individuals governed by the logic of finance and personal responsibility to the detriment of broader notions of socio-economic stratification and inequality that plague financialised societies. In rejecting the structure/agency dichotomy endorsed by political economists and realists alike as 'deterministic' (Langley, 2008a), much work in the social study of everyday finance runs the risk of overlooking the very real, material socioeconomic constraints that pre-exist, and thus influence, the actions that individuals can take. In consequence, a project intended to shed critical light on the social origins of finance in daily life retains some of the same features as rational choice sociology and, indeed, orthodox economics itself (Fine, 2005) owing to a focus on the individual that verges on methodological individualism. As I elaborate on in further sections of this paper, the employment of a critical realist political economy can overcome these issues, by considering the ways in which groups and individuals born into existing sets of social structures nonetheless possess causal mechanisms themselves in their interaction with such structures, so that the latter are not rigid and deterministic, but rather shape individuals in the first instance before being shaped by them. Such an approach, I contend, is necessary in order to appreciate the new forms of inequality that financial accumulation ultimately creates for groups and individuals in contemporary capitalism.

2 | THE SOCIAL STUDY OF FINANCE AND 'EVERYDAY ENTREPRENEURS'

The preeminence of financial accumulation raises a number of questions for critical scholars in the social sciences, and those who wish to understand both the increasing volatility of the economy and the inequality this produces. For example, Mark Granovetter is notably concerned with 'regular patterns of individual action' and the institutionalization of behavior in the study of interactions between micro, meso, and macro levels of economic analysis and the effects these have on each other from a holistic perspective (2017), while Martin Wolfson (1994) details economies in flux and the breakdown of American post-war financial regulation, as a cause of recent financial instability. Paul Langley has also been concerned with the technical aspects of managing the recent crisis in terms of illiquidity (2015). From a Marxist perspective, Costas Lapavitsas traces the spread of finance to non-financial firms, arguing that this notable aspect of financialisation is only fully achieved with a parallel expansion of finance into the daily lives of the working population (2013). However, he notes that the study of finance in everyday life has only recently emerged, despite its importance to understanding the social importance of finance in general (2011). What is crucial, then, is an understanding of the integration of broader logics of finance within daily household decisions, in order to grasp how market fluctuations and existing forms of economic inequality contribute to volatile and unpredictable circumstances and life chances.

Actor-network theorists have been able to carve out a unique contribution to the social study of finance because they are interested in the way in which human actors, motivated by individual aspirations and agendas, interact with technology, scientific calculations, political motivations, and cultural assumptions in the creation of a financial system. Thus, for some sociologists of finance more broadly (e.g., MacKenzie, 2006), the development of a global financial system hinges on the creation of new economic models and calculations capable of supporting the international flow of capital within financial markets. Unlike political economists, actor-network theorists consider that there 'is no singular "global financial system", [...] but a web of diverse networks of finance, each "made up of human bodies but also of prostheses, tools, equipment, technical devices, algorithms, etc."' (Callon, cited in Langley, 2008a, p. 23). From this perspective, examining the interaction of people and technology in the creation of new modes of governance (cf. Foucault, 1994) that define individual conduct is a necessary part of the study of finance in a general sense. Crucially, this is seen as missing in structural accounts of financial development advanced by political economists.

Actor-network theorists advocating an approach termed 'cultural economy' (Du Gay & Pryke, 2002), which acknowledges the role that discourse plays in making up economic relations, have therefore made important contributions to the emerging field of 'everyday finance' (e.g., Langley, 2006; 2007; 2008a; 2008b) by thinking about how personal investment and borrowing form networks that develop alongside, and subsequently integrate with, financial networks on a global scale. Where political economists had previously emphasised the transformation of economies on a national and international scale as a consequence of new patterns of accumulation, actor-network theorists working within cultural economics and the sociology of finance have attempted to account for changes at the level of household spending and saving behaviours resulting from the spread of financialised discourses, models, and technologies.

Importantly, Paul Langley's work on 'everyday investors' and borrowers (2006; 2007; 2008a; 2008b; 2008c) illustrates how networks of household investment and borrowing have become interconnected with global financial systems through the calculation and assessment of individual or household risk and the resultant process of securitisation that enables loan, credit, and mortgage repayments to be bundled and sold to investors internationally and off balance sheet (cf. Wainwright, 2009; 2012). The logic of finance subsequently permeates even household decisions, with individuals taking gambles by investing in pensions and mutual funds in hopes of earning enough for retirement or purchasing real estate as an asset to be sold for a return in the future, while simultaneously becoming indebted through loans, credit and mortgages. The 'investor identity' (Langley, 2006) is thus one of an entrepreneur in daily life, taking risks on the market and entirely responsible for their own present and future successes (2008a), as individuals learn to govern themselves and monitor their conduct as 'everyday entrepreneurs' (cf. Foucault, 1994). This interconnection between global financial networks and everyday finance goes some way to explaining the financial crisis of 2007–2009, according to Langley, who considers that financial speculation was not driven by Alan Greenspan's so-called 'irrational exuberance', but rather by the increasing rationalisation of risk as an outcome to be calculated, and the subsequent normalisation of investment and borrowing as the most rational ways to generate large returns and make ends meet over and above thrifty saving alone (Langley, 2008a).

2.1 | Actor-network theory and nominalism

The social study of everyday finance thus implicitly assumes what Michel Foucault calls 'historical nominalism' (1991, p. 86), which emphasises the contingency of practices and assumptions spawning from singular and therefore particular historical events. That is to say, contemporary understandings of financial risk and individual responsibility are inherently bound up in particular events, such as the development of predictive models, rather than any economic necessity in the expansion of finance itself. Ontologically, this means that actor-network theory is focused on the actual, in terms of everything that occurs, while denying 'the emotional, embodied nature of human existence' (Mutch, 2002, p. 487) such as dominant class interests that inflect and characterize the nature and working of social organisations and institutions that cultivate and give rise to social events. For Foucault, historical nominalism means 'rediscovering the connections, encounters, supports, blockages, plays of forces, strategies and so on which at any given moment establish what subsequently counts as being self-evident, universal and necessary' (1991, p. 76). Actor-network theory, as a social ontology initially devised by Bruno Latour and Michel Callon (Munro, 2009), is meant to account for the inseparable character of 'nature, politics, discourse' in the study of science, technology, and society (Latour, 1993, p. 4). Epistemologically, actor-network theorists have knowledge of their objects of study because the description of phenomena by academics and experts actualizes, or performs, the very things they seek to study (Latour, 2005). The 'association of humans and nonhumans' (Latour, 1993, p. 4) encompasses the interaction of human actors with non-human actors such as machines and technology. The interconnected nature of both existence and knowledge is forged in expanding, and yet unseen networks, or 'assemblages' (Latour, 2005). These networks '"elf construct" and take on agency-like powers' to the extent that they 'grow and feed themselves on the action of others, who help bring them into existence' (Munro, 2009, p. 127).

This, according to Langley (2008a), is what gives actor-network theory insight into the dynamic relationship between society and financial markets, so that the study of the financialisation of daily life can be seen in the relationship between networks of finance and capital with networks of borrowing and saving. Joe Deville puts this succinctly when he argues, '[i]t goes without saying that markets are constantly being remade. What is less obvious is that through the circulation of its devices and practices of attempted capture, the worlds of market participants are also being remade' (2015, p. 171). According to Deville, the mere inception of credit immediately introduces a shift in method of payment, for although the resulting transfer of goods between buyer and seller remains the same, the 'use of consumer credit involves a commitment to living alongside and with a particular financial product' (ibid.). Credit introduces consumers to the world of repayment, with its attendant bureaucracy and money management, but it also implies the possibility of default, which disrupts the very routines of daily life.

From a normative perspective, then, the invocation of historical nominalism by actor-network theorists is a call to understanding the inseparability of social science, technology, and politics from the development and existence of such processes, moving away from ideas of abstract dominance and subordination or universal necessity to complexity that flatly unifies human and non-human actors. At stake, for Latour, is the political project of unravelling 'a skein of weak ties, of constructed, artificial, assignable, accountable, and surprising connections' as part of political resistance to universals: 'action is only possible in a territory that has been opened up, flattened down, and cut down to size in a place where [...] totalities circulate inside tiny conduits' (2005, p. 252). It is here that the significance of the debate between nominalism and realism can be found with respect to financialisation and the spread of everyday finance, because issues of inequality and diminishing life chances related to financial risk are palpable theoretical problems and political issues. They are not simply reiterations of the older forms of inequality theorized by the critical political economists who worked on the seminal distinction between capital and labour in Western market economies. However, it is not altogether clear that the actor-network theory of everyday finance best encapsulates the uncertainty posed by financial risk and inequality, as I shall argue in later sections devoted to critical realist ontology and the use of emergence to properly situate daily financial activity within the context of dynamic social structures.

2.2 | The flat ontology of actor-network theory

Actor-network theory as an underpinning of the study of everyday finance is premised on a flat, or unstratified ontology (Mutch, 2002) which is geared to overcoming the structure/agency duality. Actor-network theory presents an ontological challenge to this duality (Law, 2005) through the theoretical development of 'actor-worlds' (Callon, 1998) as networks contained within and expressed by actors themselves. It is not altogether unsurprising, then, that those seeking to understand the interlinking nature of everyday financial decisions and situations with global financial markets might appeal to the interconnected neural networks of actor-network theory (Latour, 1996, 2005) rather than the abstract socioeconomic structures posited by political economy, which often lacks a corresponding analysis of agency (Jessop & Sum, 2006; Lapavitsas, 2011). Latour's ultimate aim, to rebuild social theory out of networks, is premised on the idea that 'modern societies cannot be described without recognizing them as having a fibrous, thread-like [...] systems' (1996, p. 370). Instead of thinking of structured surfaces, Latour contends, one must 'think in terms of nodes that have *as many dimensions* as they have connections' (ibid., emphasis in original). The endurance of societies is best understood, not in terms of the structures that continue to enforce the actions of agents, but as the 'careful plaiting of weak ties' (ibid.), with 'sturdiness [...] achieved through netting, lacing, weaving, twisting of ties that are weak by themselves, and that each tie, no matter how strong, is itself woven out of still weaker ties' (ibid.). On this basis, it necessarily follows, for Latour, that universal laws, especially those deduced by political economy, are the exception rather than the rule, with actor-network theory beginning from 'irreducible, incommensurable, unconnected localities' (ibid.). It is therefore possible to see how subjective experience is addressed in actor-network theory as an object of study in its own right, rather than as an epiphenomenon of a universalising structure which produces oversocialised subjects who lack the capacity to make their own decisions.

According to Latour, actor-network theory has the benefit of getting rid of dualisms such as structure and agency, or micro-versus macro-sociology, since no network is ever bigger than another, but is instead more intricately connected and fibrous. To understand the predominance of a particular element is not to assume its overall place within a structure of power, but to follow how it 'becomes strategic through the number of connections it commands, and how it loses its importance when losing its connections' (ibid., p. 372). These connections, additionally, change the nature of theorising itself, by ostensibly doing away with the divide between the description of how something works and the explanation of why:

> Each network, by growing, “binds” the explanatory resources around it, and there is no way they can be detached from its growth. One does not jump outside a network to add an explanation – a cause, a factor, a set of factors, a series of co-occurences; one simply *extends* the network further (ibid., p. 376; emphasis in original).

As a result, the ‘pre-relativist debate between providing an explanation and “simply” documenting the historical circumstances falls apart: there is no difference between explaining and telling how a network surrounds itself with new resources’ (ibid.). In short, explanation consists in showing what the connections are between elements, and showing how an element holds many others, with explanation becoming indistinguishable from description. To describe something is therefore to simultaneously explain it.

Michel Callon also argues that actor-network theory is freed from the duality of individualism versus holism so commonly associated with agency and structure in its positing of a ‘radically indeterminate’ actor. Actor-network theory ‘is based on no stable theory of the actor. [...] For example, the actor's size, its psychological make-up, and the motivations behind its actions—none of these are predetermined. In this respect, ANT is a break from the more orthodox currents of social science’ (2005, pp. 181–182). Importantly, this enables the consideration of non-human actors such as machines or computers, rendering the notion of the actor almost entirely indeterminate. This, for Callon, does not preclude the ability of actor-network theory to describe or explain the competencies of actors, however, since actor-network theory describes the processes of configuration that enable certain tendencies in so-called ‘human nature’ to operate. Callon therefore infamously studies economic markets as framing and constructing *homo economicus* as a calculating, self-interested individual (ibid., p. 192).

Following Guesnerie, Callon defines the market as a ‘coordination device’ enabling:

a. The agents to pursue their own interests and to this end perform economic calculations which can be seen as an operation of optimization and/or maximization;
b. The agents generally to have divergent interests, which lead them to engage in
c. Transactions which resolve the conflict by defining a price (1998, p. 3).

The market, crucially, implies a ‘calculative agency’ premised upon a ‘primitive reality’ that permits coordination in times of radical uncertainty: ‘If agents can calculate their decisions, irrespective of the degree of uncertainty concerning the future, it is because they are entangled in a web of relations and connections; they do not have to open up to the world because they contain their world’ (ibid., p. 8). The state of containing the world, in which ‘agent and network are [...] two sides of the same coin’ (ibid.), Callon calls an ‘actor-world’. These actors are therefore calculative, and it is on this basis that Callon argues for the performative nature of economics with regard to the economy, or, as he has it, ‘the role of economics as a discipline, in the broad sense of the term, in formatting calculative agencies’ (ibid., p. 23). As Paul du Gay puts it, ‘economics should be considered less a form of knowledge that describes and analyses the economy as a pre-established entity, but rather as one, very important element in the practical making up of the economy’ (2010, p. 171). The fact that there are calculative agencies can be traced to the existence of accounting tools, which configure space and are constantly refined to allow for ever more detail in calculations, so that increasingly more calculated, or rational, decisions are possible.

The thrust of ‘cultural economy’ (Du Gay & Pryke, 2002), in a divergence from traditional political economy, is thus the ability to account for the role of discourse in performing or creating the economy itself. In order to think about the object that is 'the economy', du Gay and Pryke maintain, one must first 'build a clear picture of what "an economy" looks like', including its primary components and their relation to one another (2002, p. 2). One therefore needs 'a discourse of the economy, and this discourse [...] will depend upon a particular mode of representation: the elaboration of a language and set of techniques for conceiving of and hence constructing an object in a certain way so that the object can then be deliberated about and acted upon' (ibid.). Research into everyday finance is therefore characterised by the assemblage of a historically specific agency in subprime lending: for Langley, what matters in this case is not the potentially unscrupulous nature of the lenders in question, but 'the ways in which the assembly of the socio-technical agency of sub-prime lending ensured that it came to appear as a legitimate part of the contemporary financial markets, that is, as calculative and scientific' (2008c, p. 472). These techniques include risk-based pricing, which categorises borrowers according to their likelihood of default; the securitisation of such loans to move them off lenders' balance sheets; and the development of adjustable-rate mortgages which offer lower rates to entice borrowers before adjusting them upwards (ibid.). For Langley, such 'products played to and reinforced subjectivities of owner-occupation in contemporary liberal government, whereby sub-prime lending appeared as furthering opportunities for the accumulation of housing wealth, freedom and security in an "ownership society"' (ibid.).

Like many other cultural economists and actor-network theorists (Law, 2005; Thrift, 2002), Langley employs Foucauldian governmentality 'to make explicit the power relations and politics at work in the constitution of calculative market networks of saving and borrowing' (2008a, p. 15). He does this by showing how the rationalisation of calculative techniques as scientific de-politicises and therefore legitimates the so-called necessity of everyday finance. This, he argues, contrasts with other approaches to power and finance by focusing on the embedded nature of power rather than suggesting 'that power as a material resource is wielded in a constraining fashion by finance capital as an economic group and class interest' (ibid., p. 16). In short, for actor-network theorists, Foucauldian governmentality illustrates how 'subjectivity in liberal societies is fabricated through entanglements in the circulations of power/knowledge' (ibid., p. 33), rather than through the imposition of power over one group by another. The upshot, then, is that financial growth and accumulation is not part of some overarching social formation or 'growth regime' (Jessop, 2013), but a confluence of the interaction between individuals, technology, and politics that give rise to certain forms of action.

3 | NOMINALISM, ACTOR-NETWORK THEORY, AND THE PROBLEM OF METHODOLOGICAL INDIVIDUALISM IN THE STUDY OF EVERYDAY FINANCE

Actor-network theorists have undoubtedly made inroads in an area of study underdeveloped by political economists, through their appreciation that the interconnection between cultural categories or discourses and the economy itself is also applicable to the technical field of finance. Hence, even an impersonal field of expertise with its highly scientific underpinnings can be revealed to operate on the basis of social and cultural understandings, such as the personal interests that market participants pursue in exchange relations (Abolafia, 1996; 1998). However, this focus on empirical particularities at the expense of universals, such as social structure itself, often means that actor-network theorists or sociologists of everyday finance exclude other concerns about topics which are more difficult to quantify. For some, the theory suffers from an intense focus on minute empirical detail about the creation of networks and technologies behind, for example, credit and debt, at the expense of an understanding of institutional and regulatory centres of credit and debt, as well as the broader social relations underpinning the need for them in the first place (Gilbert, 2011). This, for Langdon Winner (1993), is a condition of actor-network theory's failure to engage with politics and the social realm. According to Winner, the most obvious lack in actor-network theory 'is an almost total disregard for the social consequences of technological choice' (1993, p. 368), as well as any engagement with moral and political questions underpinning the necessity and greater good that technology presents. Instead, 'one usually finds a field of what are called *relevant social actors* who are engaged in defining technological problems, seeking solutions, and having their solutions adopted as authoritative within prevailing patterns of social use' (ibid., p. 369; emphasis in original). This, however, leaves the following important questions unanswered:

> Who says what are relevant social groups and interests? What about groups that have no voice but that, nevertheless, will be affected by the results of technological change? What of groups that have been suppressed or deliberated excluded? How does one account for potentially important choices that never surface as matters of debate and choice? (ibid.).

In noting the strategic elimination of the perspective of organised labour in the development of manufacturing technology in the United States within research, Winner asks whether actor-network theory-driven research can really succeed 'if its map of the relevant social groups does not indicate which social groups have finally been sandbagged out of the laboratories and which social voices effectively silenced?' (ibid., p. 370). This is also a crucial question to ask with regard to finance, given the differing role that the working class play in relation to their middle- and upper-class counterparts in using financial markets.

Critical theorists and heterodox economists thus see in actor-network theory a parallel with orthodox economics and its treatment of social inequality in individualised terms (Fine, 2005; Mirowski & Nik-Khah, 2007). Ben Fine suggests that it is dismissive of political economy owing to the high level of abstraction the latter entails, with theorists such as Michel Callon going so far as to suggest that capitalism itself only exists as an invention of political economy. Callon's suggestion that economists, sociologists, and other social scientists are responsible for the creation of markets relies on a very liberal definition of economics, as a process of 'framing quantification' through calculations (ibid., p. 100). As Fine notes, '[w]hile the market always incorporates a quantitative element in view of the monetized exchange that takes place, it also embodies a set of qualitative relations—not least those between capital and labor and labor and nature' (ibid.). Thus, although calculation is an important feature in understanding markets, 'we all enter into markets for the purchase of consumer goods—not to mention wage labor markets—with many other non-quantifiable motives attached' (ibid.). The same is undoubtedly true of financial markets, which are a means to an end for many individuals and households who need them to make ends meet. Despite claiming to overcome issues associated with the structure/agency duality through the theoretical use of networks, the use of actor-network theory in the sociology of finance borders on a kind of methodological individualism which is capable of examining actors as well as objects, without any consideration for the structural constraints in which actions are taken. These constraints, however, are key for thinking about the persistence of social inequality, or hierarchies that benefit certain actors and not others.

4 | NOMINAL SOCIAL THEORY AND THE MERITS OF REALISM

There is little doubt that actor-network theory and its appreciation of contingency resonates so strongly within the social sciences following what is generally considered a 'postmodern turn' in social theory at the end of the twentieth century: for Steven Best nominalism as an antithesis to universality and turns very easily on the postmodern valorization of 'incommensurability and fragmentation as liberating' (1994, p. 29), especially in light of Foucault, whether rightly or wrongly considered to be a postmodernist, whose fondness for 'the amazing efficacy of discontinuous, particular and local criticism' contrasts with 'the inhibiting effect of global, *totalitarian theories*' (Foucault, cited in Best, 1994, p. 24; emphasis in original). However, an emphasis on tangible events and actors certainly dates back within the discipline of sociology to Max Weber, who consciously posited 'the historical individual [as] the key unit of sociological analysis' (Tiryakian, 1966, p. 334) against Marx's abstract class antagonisms. It is not surprising, then, that those who would reject the influence of totalising economic narratives in the study of political economy might turn their attention to the immediate interactions of actors, or, as is the case with actor-network theorists, actors and nonhuman 'actants'.

As a consequence, however, the focus of study often shifts from the classical concerns of political economy including economic inequality, to the newly individualised notions of identity, belonging, or place. It is no accident that some contemporary studies of consumption deliberately focus on the cultural meaning of consumption rather than its role in exchange relations and economic reproduction (Baudrillard, 1996; Lash & Urry, 1994; Lury, 1996), and, while this is not problematic in itself, the implication that individualism has overtaken class relations acquires a distinctly normative character when considered against the persistence of economic inequality magnified in the recent financial crisis. Indeed, it is precisely the confluence of cultural expectations about consumption and the development of the financial system to accommodate such expectations that warrants a close examination of the intersection between class and individual experiences, which, as I argue, falls under the remit of a critical realist political economy. However, in order to do this, it is necessary to take very seriously the criticisms leveled against political economy by the sociologists of finance, who take issue with the way in which social structures are seen as rigid and deterministic, to the detriment of an understanding of agency. For Langley (2008a), political economy tends to treat the financial system as an established fact that determines what individuals do, rather than a malleable product of the interaction between actors, technological systems and economic models, as well as practices of borrowing and saving. I contend that a critical realist political economy has the potential to consider contemporary systems of finance as emergent properties rather than, according to those who study everyday finance, static or deterministic entities, whilst also accounting for the inequality that plagues the actors who do not feature in the narrative of the creation of financial systems.

4.1 | Critical realism and political economy

The social world envisaged by actor-network theorists is an actualist one that accounts only for things as they happen, without regard for abstract concepts of potential and the notion of causality this implies. As I argue in this section, the benefit of thinking about the nascent field of 'everyday finance' from a critical realist perspective is precisely the ability of critical realism to account for the emergence of new social phenomena through the interaction of causal mechanisms, and therefore to conceptualise the notion of the 'everyday entrepreneur' as a risk-taking individual subjugated to increasingly volatile economic conditions due to market effects on household income. However, implicit in the critical realist notion of causality is also the causal powers possessed by human subjects to interpret and act within their environment in a way that effects change (Elder-Vass, 2015). Critical realism therefore returns the importance of everyday life in the context of larger social structures to political economy, with the explicit possibility that the subjects of daily life may bring social and political change through their actions, regardless of whether they are directly involved in political discourse, academic expertise, or technological development. Indeed, in allowing for potential in the notion of 'the real', critical realism is partially predicated on the idea that action can produce unintended consequences and contingent conditions, as a potential outcome in the course of acting at all.

Thus, critical realism is a philosophy of social science that acknowledges the existence of a material world that exists independently of the thoughts, perceptions, and discursive constructions of the actors who engage with it or study it (Sayer, 2000). Ontologically, the world is stratified between the real as 'whatever exists, be it natural or social, regardless of whether it is an empirical object for us and whether we happen to have an adequate understanding of its nature' (ibid., p. 11). The real therefore includes social structures, comprised of organisations like Government, or financial and non-financial firms and their respective interests, as well as social institutions like the practice of exchanging money for goods and services (Elder-Vass, 2007). It is in this layer that the potential for causal change exists. The second ontological layer, the actual, 'refers to what happens if and when those power are activated, to what they do and what eventuates when they do' (Sayer, 2000, p. 12). Finally, the empirical is the domain of experience, which can be observed and tested in positivist science. Sayer is quick to maintain, here, that

> Observability may make us more confident about what we think exists, but existence itself is not dependent on it. In virtue of this, then, rather than rely purely upon a criterion of observability for making claims about what exists, realists accept a causal criterion too. According to this a plausible case for the existence of unobservable entities can be made by reference to observable effects which can only be explained as the products of such entities (ibid; cf. Collier, 1994).

It is, for example, not possible to observe a social structure, but its existence can be inferred on the basis of observable traits, such as social norms, divisions, and particular manifestations of inequality.

Positing the social world as existing externally to and independently of actors is necessary to overcoming the paradox of humanism within actor-network theory's insistence on the indeterminate actor. Indeed as Dave Elder-Vass notes, actor-network theory suffers from a 'radical' conflict with its 'rhetorical aims', because the 'nonhuman exists only when and insofar as it is bound up with human reference', marking a 'return to the anthropocentrism that Latour elsewhere rejects, privileging the human rather than recognizing the independent powers of the nonhuman' (2015, p. 115). What critical realism offers in its acknowledgement of emergent properties and causal powers of structures that exist and are sometimes activated independently of actors is a theoretically consistent way of understanding the ways in which the subjective experience of human actors is necessarily conditioned by their social environment. To be sure, critical realism assumes a 'distinctive set of powers' for human actors, not as a metaphysically humanist claim, but rather in acknowledging that humans are 'subjects in the sense of beings who have the capacities, for example, to discuss the world, to explain events in it, and to refer to other things in the world' (ibid., p. 113). Understood this way, human subjects in a social world respond to their conditions by making decisions and choosing courses of action, or, indeed, following a path over which they have no choice (Mulcahy, 2017a). Agency is therefore inherently bound up in the process of subjectivation as Foucault (1994) understands it, relative to the monitoring of self-conduct and the ease of adopting preferred courses of action. In contrast to actor-network theory accounts that locate governance in a purely nominalist framework of strategies and plays of force, however, this understanding of action is also complementary with Althusser's concern for the ideological interests that shape and condition the kinds of conduct subjects are normatively expected to adopt (1971). Hence, the role of interests in social structures, especially where dominance and legitimacy are concerned, returns to the fore in conceptualizing subjective experience and the ways in which actors can reasonably behave in their daily lives.

In addition to technological and scientific developments, politics, policy, and deregulation have featured heavily in the financialised transformation of the welfare state. Specifically, the emphasis is on the emergence of the ideology of shareholder value, which seeks to maximise share prices over employee security and benefits, as well as the concurrent restructuring of banks to provide more financial services and products at a time when many workers needed alternatives to occupational welfare to provide for the future and make ends meet. Additionally, a discourse of personal responsibility advocated infamously by Reagan in the United States and Thatcher in the United Kingdom helped frame a new obligation to take personal financial risks as a duty to a society fiscally overburdened by ageing populations and younger workers with fewer prospects (Mulcahy, 2017a). Although the development of risk-based pricing systems was imperative in the incorporation of large populations into the realm of finance through the monitoring of financial self-conduct, these developments themselves do not make sense outside of the context of the deregulation of financial markets and the desire to make credit more universally available. Langley's neoliberal, responsible financial subject undoubtedly performs a role within the financial system, but it is difficult to see the necessity or reason behind this performance if not with reference to pre-existing social constraints, such as a declining welfare state and the relative ease of relying on capital markets for personal provision. It is, as Paul Datta (2007) claims, necessary to consider the source of power or domination within a society, expressed as a social formation, in order to be able to understand how power is exercised. In the case of the financialisation of contemporary society, clear concentrations of wealth at one end of the income spectrum solidify, if anything, earlier class relations which are sometimes said to have been transcended (e.g., Bell, 1973) as people are individualised and 'responsibilised' (Shamir, 2008). Indeed, although individuals and households are charged with fending for themselves financially, success in saving or investing, as well as making regular payments on loans, credit and mortgages, depends highly on an individual's income and employment (Mulcahy, 2017a). In short, structures such as that of class still heavily influence how an individual performs as an agent, which is why it is necessary to theorise social constraints as actual problems stemming from real structures.

This does not mean that agents, and in particular working-class individuals and households, are powerless, or wholly constrained in the face of class distinctions and economic inequality. As acts of protest, some people do certainly refuse to engage, where possible, with mass consumption and indebtedness (Wolff, 2005). However, less deliberately, the actions of the disadvantaged are as important to the overall reproduction or transformation of the financial system as those directly involved in its political and technological development, perhaps most evident in the mass defaults leading up to the infamous crisis of 2008. The need to purchase necessities and the desire to acquire consumer goods does not necessarily correspond with a will to sustain and reproduce the economic systems that these are products of (Mulcahy, 2017b), meaning that the mass consumption of homes and products actually contributed to the destabilising of a financial system with such a bloated subprime market. A critical realist political economy therefore appreciates that the actions of individuals have potentially transformative effects on social structures, which can potentially create a causal mechanism for change through the activation of emergent properties inherent in social structures (Elder-Vass, 2007). Critical realism posits that social structures pre-exist social agents, whose courses of action are consequently delimited. However, through action (or inaction, at times) the nature of the structure is also in flux, with the result that new structures might be produced from the emergent properties they contain. Understood in this way, social structures become dynamic rather than reified or static entities. The financial system and its current preeminence need not be treated as an inevitable development determining individual behaviour, but can instead be seen as fluctuating alongside the social subjects whose conduct it conditions. These fundamental principles of critical realism lend political economy the potential to theorise both the emergence of contemporary global finance, and its new forms of inequality and stratification.

At present, however, work within political economy that takes seriously the consequences of integrating households within financial markets and systems is still limited, which is to say that the effects individuals have in their interaction with finance on a daily basis remains under-theorised. As Bob Jessop and Ngai-Ling Sum put it, there is a

> neglect [of] the specific subjectivities, modes of calculation and strategic action that help reproduce the capital relation. This is reflected in the tendency to describe the structural context for social forces' actions without actually explaining these actions (2006, p. 256).

It is therefore crucial that, in order to bring the study of economic inequality to the study of everyday finance, political economists must address subjective experience as well as changing structural forms. In addition to furthering a specific research programme within the specialised study of finance, however, this also has the effect of challenging the unspoken preference for nominalist epistemology in contemporary social theory. It is important to demonstrate the efficacy of realist social theory in addressing contemporary social problems and concerns, given its focus on the less tangible, but no less important underpinnings of empirical problems.

5 | CONCLUSION

Social scientists have revived an important interest in the workings of finance since the 2008 financial crisis. However, the study of finance in daily life often neglects issues such as inequality and stratification that contributed to the crisis, focusing almost minutely on financial interactions. The social study of finance has in some cases invoked actor-network theory with the intent of avoiding a structural determinism frequently asserted as being inherent in political economy, in which overarching global forces determine what happens at the level of everyday life. In contrast, actor-network theory considers how actors forge networks of finance rather than asserting that actors are shaped by pre-existing forces of global finance. Social studies of everyday finance are thus often nominalist in character, insofar as they are primarily interested in defining the nature of interaction between individuals, rather than thinking about individuals in the context of a society. The social origins of finance therefore lie at the confluence of interaction between individuals and financial technologies, rather than in any structural changes. Indeed, many sociologists in this field reject the dichotomy between structure and agency in favour of networks of actants. This, however, verges on a certain kind of methodological individualism, with key proponents of actor-network theory such as Michel Callon arguing, for example, that structures do not exist and that capitalism is the product of political economic analyses. While actor-network theory may be able to describe the functions of human and technological actors in the creation of financial spaces, it risks omitting a study of the corresponding forms of inequality and stratification that emerge in these spaces, and frequently are their condition of existence, instead centring on interactions between actors. The study of everyday finance therefore encounters some of the same shortfalls of orthodox economics instead of rectifying them. I argue, then, that the social study of finance would benefit from realist insight. Critical realist political economy can address inequality in the study of finance precisely because it can overcome the structural determinism that actor-network theorists rightly find problematic. By thinking about actors as individuals within existing sets of social relations, which shape their actions, it is possible to understand the origins of financial inequality. As actors interact with social structures, however, they ultimately change their character, rendering them anew in different circumstances, and thereby avoiding the deterministic character of structures. It is necessary, as I have argued in this paper, however, for critical realist political economy to take subjective experience seriously and deepen its own work in this area, in order to demonstrate the efficacy of realist social theory in addressing contemporary problems of social inequality and stratification over and above the abilities of actor-network theory.

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How to cite this article: Mulcahy, N. (2021). Is the social study of finance necessarily nominalist? Using realism to address shortcomings in actor-network theory approaches to financialisation and everyday life. *Journal for the Theory of Social Behaviour*, *51*(4), 549–564. https://doi.org/10.1111/jtsb.12278