

# How I Learned to Stop Worrying and Love Finance

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## Review of

Brett Scott (2013). *The Heretic's Guide to Global Finance: Hacking the Future of Money*. London: Pluto Press. (PB, pp. 262, £11.50, ISBN 9780745333502)

*Despite my dislike of the topic, I began to nose around it with a mixture of repugnance and fascination, like a substance abuser circling around the long-denied admission of his own addiction.* (Powers, 2005: 614).

*How can I recognize this forbiddingly foreign totality as my own doing, how may I appropriate it and make it my own handiwork and acknowledge its laws as my own projection and my own praxis?* (Jameson, 2009: 608).

A heretic's guide to finance? Hacking money? What could Brett Scott possibly mean by this? Is this just an(other) unfortunate case of mixed-up metaphors? I have to admit I picked up this book with a certain degree of trepidation. But quite quickly I got drawn into a pretty compelling narrative. The hacking metaphor is central to the structure and purpose of the book so deserves a bit of 'unpacking'. For Scott, hacking is about "an action that combines an act of rebellion with an act of creative re-wiring" (p.8). It involves "using the language of mainstream finance to open small breaches in an existing structure" (p.208). He thus distances himself from the way hacking is commonly presented, "as a form of malicious disruption, normally involving computers". Hacking in the sense used here is about taking things apart, seeing how they work, and then using this knowledge to reassemble things in new and more interesting ways. It is about gaining "access to a system in order to develop an internal sense for how to work it to your advantage or to play with it" (p.97). This requires developing "curiosity and empathy for the diverse human components of financial systems". As Scott emphasizes using a computer analogy, "The person who dislikes computers will never be a computer hacker". Finance can be "Rock and Roll" he believes; it can be charged with "activist energy... with artistic energy... with ecological energy" (p.213). Energy is very much what runs through this profoundly affirmative book. Indeed, Scott seems to be mindful of Marx's injunction that we need to combine a politics of revolt with a "poetry of the future" (cf. Jameson, 2011: 90), injecting a sense of futurism and excitement in the discursive struggles of the left. This energy-infused hacking metaphor very much underpins the entire book.

The *Heretics Guide* consists of three parts, each containing two chapters. The hacker approach of *Exploring* (Part I: emphatically getting to know the nuances of systems), *Jamming* (Part II: seeking out the systems' vulnerabilities and exposing them) and *Building* (Part III: creatively recombining the elements of systems to create something new) provides a very tight framework for the book. Part I offers a hugely enjoyable, technically knowledgeable and yet subversive read<sup>1</sup>. It is a fantastic introduction to ground level processes of our 'financial times', taking in everything from corporate banking to derivatives, to private equity. The denotations are precise but often carry interesting and quite subversive connotations and interesting anecdotes and stories from the author's own experience as derivatives broker and campaigner. The neat hacking structure comes somewhat under strain in the second part. Chapter 3, *financial culture hacking*, is still very much about unpacking and understanding finance – Scott emphasizes the webs of knowledge and the importance of information flows that much of finance relies upon<sup>2</sup> – rather than the promised 'jamming'. Throughout these first three chapters the reader will find a general sense of excitement about finance as something we can get close to and understand. Scott fully takes on board the slogan of the *Financial Times* newspaper that "We Live in Financial Times"<sup>3</sup> (viz. De Cock et al., 2009). Our life world is fully mediated by financial systems and simply denouncing finance from a moralizing point of view, perhaps in the hope of preserving a few enclaves still untouched by the financial juggernaut, is a profoundly conservative move. These 'financial times' are simply what we have assembled for ourselves to live in. Too often, and especially in the context of the global financial crisis, we have fallen prey to a sullen resentment at 'banksters'. It is precisely this "pervasive insider-outsider dichotomy that is itself a major source of power for an entrenched mainstream financial regime", Scott suggests (p.4). He holds up Louis Theroux's television programmes as an example of how we should approach finance: "He's simply curious and open. He listens, and people open up to him" (p.98). He opposes this as a more useful alternative to the "banker-bashing as an attempt to lash out at a system that one appears powerless to act against" (p.96). Of course, there is always the danger of "cognitive capture" Scott realizes, but the "process of flying by night on the dark side" can be serious fun: "I could literally feel my thinking shift, pulled along by the emotional currents that come with building such relationships [with finance professionals]... It's like deliberately electrocuting yourself to develop an emotional theory – or intuition – about electricity... As I put myself in alien situations I was disrupting my pre-existing world of social relationships (p. 112-113)". This reflection

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<sup>1</sup> I very much appreciated the attention to detail when discussing the key players; for example when pointing out that technically speaking after the global financial crisis there no longer exist 'pure' investment banks (p.49). Scott's idea of an alternative CFA – the Chartered Financial Activist – is a nice example of the mischievous humour deployed.

<sup>2</sup> It reminds me of a recent conversation I had about the recruitment process at a major global bank. After the first interview for a (senior) job in the risk management department the applicant was told that in the second interview he would be quizzed about a new project in the bank in question, information about which was not in the public domain. His task was to use all his personal networks to find out about the project (which remained unspecified in the first interview).

<sup>3</sup> Scott suggests that reading the *Financial Times* each day is an incredibly effective way for learning the language of finance (p.35). I would add that a close reading of the *Financial Times* is also a useful way of mapping the fundamental contradictions that permeate and make up finance. For an example of such a mapping exercise see De Cock (2009).

reminded me somehow of Father Urritia Lacroix, the protagonist of Roberto Bolaño's (2003) delightful novella *By Night in Chile*, who is called upon to instruct General Augusto Pinochet and a few of his generals in Marxist doctrine, as the generals need to know how far their enemies will go. Know thy enemy indeed! It is only halfway through chapter 4 of *The Heretics Guide* (p.141) that we get some serious forays into 'activism' territory, although holding up as example activist Hedge Funds like TCI can be a bit tricky conceptually. The section on food speculation (p.150-160) is insightful in building our understanding of an important phenomenon but as "economic circuitbending" (as the chapter title promises) it seems somewhat tame. The final part has some excellent sections on environmental finance, social finance, and "the limitations of doing good by doing well" (p.205) but again these sections do not always fit that well into the tight 'hacker' structure the introduction promised.

The limitations of hacker interventions are reflected in the qualifications Scott often expresses when introducing them. To point to just a few examples:

It's a slightly tongue in cheek idea... (p.114)

It's a slightly cheeky idea, but it could develop organically... (p.148)

It's hard to know what the potential might be... (p.162)

The idea was always more symbolic than practical... (p.197)

Absurd? No more absurd than current investment banks (p.216)

Almost inevitably the critique Scott directs at others – for example when suggesting that the breaches the Yes Men open up by embarrassing big corporates quickly close up as they don't confuse anyone for too long (p.110); or in his delightful discussion of the limitations of the actions of "reformed bankers" (p.203-207) – can easily be leveled at this book too. Yes, exploring the apparent darkness of finance can create a feeling of liberation (viz. p.245), and 'unpacking' the financial system into its components can be empowering at times, but it is hard to see how the existing initiatives he describes and the experiments he suggests can resist being either dismissed as absurd, being co-opted by the financial system, or avoid simply fading out. This is not necessarily a weakness of the writing, more an effect of the material the *Heretics Guide* is dealing with and the particular stance Scott is taking vis-à-vis this material. The truism that every representation is always partial very much applies here. Every attempt at representation will be a mixture of success and failure: some features will be foregrounded, others neglected or even misrepresented. Various issues, themes and facets certainly remain underexplored in this book (e.g. Private Equity gets two pages devoted to it, Bitcoin gets just over a page<sup>4</sup>). Yet, the more substantial point about representation to make here is that we live in a particular social totality (of which Finance, with a capital F, makes up much of the texture) which is never visible as such (only in its component parts and then in a fragmentary way). Following Jameson (2009), this social totality is not an entity but rather a contradiction, and therefore cannot be imagined as a kind of static object. From within this totality, it is impossible to conceive how we can imagine

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<sup>4</sup> But Scott has an excellent introduction to Bitcoin on his blog:  
<http://suitpossum.blogspot.co.uk/2013/04/how-to-explain-bitcoin-to-your.html>

another one<sup>5</sup>. One cannot simply picture Finance, let alone a different Finance. Every representation, as in the *Heretics Guide*, is effectively a literary experiment, a *Darstellung*. What Scott calls an ‘unpacking’ of finance is really a way of putting this together in some form in order to gain a glimpse of the Real that we have somehow assembled and that we live in. He performs this bricolage particularly well but readers should always remember that this book can offer no more than a particular glimpse. In very much emphasizing individual agency and the positive valence of finance – “Depending on one’s inclination, the individualism or aggression of the [financial] sector can be portrayed positively in terms of innovation, freedom and adventure...” (p.119) – Scott could be accused of projecting a set of political possibilities which do not really exist or encouraging actions which are far more dangerous than his exuberant narrative suggests. Should we really start messing with vulture funds in a playful way (cf. p.169)? The people involved are probably not your average city professional, but rather more like some characters out of *Heart of Darkness* described later in the book in the context of monetizing carbon sinks (p.193). Perhaps I can add my own little anecdote to the many stories offered in this book. In the mid-1990s I was working for a few months in Sofia as part of a large EU funded project aimed at restructuring the Bulgarian banking sector. Whilst my own job within the National Bank was relatively uneventful, colleagues who were working on the accounts of some private banks with perhaps too much zeal were not so lucky. One day they were offered a ‘free’ car journey to the deep Bulgarian countryside, several hours drive away from Sofia. They were stripped to their underwear and left with the unambiguous advice: “next time: bang bang!” It took them two days to get back to Sofia and they left the country soon afterwards. The husband of another colleague came to a more tragic end. After ignoring two warnings ‘not to meddle’ he had a fatal car accident. The police investigation revealed that the car had been sabotaged. More recently the story of the ‘Arctic 30’ serves as a reminder that “flying by night on the dark side” or noble deeds of activism, however justifiable they may be, are not *just* “shit-stirring” adventures (p.31). Messing with powerful interests – and finance certainly has those – can be bloody dangerous. We certainly should be wary of falling too deeply in love with the idea of disrupting the finance game. Love can also hurt, Dr. Strangelove!

A final point which is worth exploring briefly is the notion of ‘the popular’, in that the stated aim of *The Heretics Guide* is to build a more democratic financial system. Perhaps the relation between finance and the popular is a bit more complex than Scott’s proposition that we simply have to ‘take back’ and popularize finance. In a recent book Stäheli (2013:13) suggests that rather than finance being an entity divorced from and in opposition to the popular, the latter is inscribed deeply in the functioning of the financial system: “The popular in the economy, then, is not an external force that directs itself as an anti-capitalist movement against hegemonic economic structures. Rather, the popular is a constitutive element of and for the functioning of the financial system”. Finance has always needed to produce its own popular side in order to function, but in doing so simultaneously acquired a number of

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<sup>5</sup> Scott, in a rare explicit acknowledgement of the limiting effects of structure on agency, posits that “Looking forward, something may appear crazy because we cannot envisage how it might be supported given the existing social structures – like trying to imagine Spotify when you’ve only experienced a cassette player. Thus the answer to the question ‘Where is your alternative?’ should be ‘Who knows? We’re experimenting’” (p. 212).

problems and vulnerabilities that it must endlessly engage. In turn the popular has played a central role in constructing a financial audience whose legitimate borders are repeatedly contested<sup>6</sup>. Stäheli develops this line of thinking with particular reference to history of speculation and the stock market and explores how the notion of fascination, the logic of suspense, and the experience of thrills are all deeply inscribed in the basic structure of stock market activity and finance more widely.

It is to Scott's great credit that *The Heretics Guide* tries to reclaim this affective power of fascination for what one could loosely describe as 'the left', and thus makes us see how the financial world which may appear unintelligibly abstract to laypeople is ultimately the doing of the human collective. Yes, we are shaped by finance, but we should always remember that it is also us who shape finance! So despite my reservations about some of the practical actions suggested by Scott, what makes his book so appealing and worthwhile reading for me is its profoundly affirmative message: 'Yes, another financial set-up is possible!' In this context it is perhaps appropriate to finish this review with a reflection on the global financial crisis by J.M. Coetzee (2013: 135-136) who, as always, offers an eloquent turn of phrase to capture our all-too-human predicament<sup>7</sup>:

"Compared with the weight and density of human history, the numbers on the computer monitors don't come trailing all that much historical freight behind them – not so much that we could not, if we truly wanted it, agree to dispense with them and start with a fresh set of numbers. It is the question of whether we truly want a new financial dispensation, whether we can agree on a new set of figures, that is the rub. The figures themselves offer no resistance: the resistance is in ourselves. So, looking around us today, we see just what we might expect: we, "the world," would rather live through the misery of the reality we have created (the entirely artificial reality of the crisis) than put together a new, negotiated reality".

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<sup>6</sup> For example, the Private Equity industry often put forward the argument that the supersized profits they generated in the early part of this century could be justified in that their main investors were pension funds, thus creating the impression that their higher social mission was to help pensioners.

<sup>7</sup> This fragment is part of a letter written to Paul Auster.

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