

# UC Irvine

## UC Irvine Previously Published Works

### Title

Banking on Words: The Failure of Language in the Age of Derivative Finance by Arjun Appadurai. Chicago: University of Chicago Press, 2016. 176 pp.

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trades,” which I find confusing: Can one really speak of self-invasion?) of new trades such as the production and sale of paintings and new types of garments. But, here again, the reliance on local connections and collaborations and hence the inability to move operations to new localities generally do not permit prosperous actors to expand their enterprises beyond a certain point. To be sure, the authors’ argument that prosperous actors ultimately contribute to the welfare of the entire industry—because their activities as middlemen expand the market as a whole—comes dangerously close to trickle-down “Reaganomics.” Nevertheless, the differences between successful and less successful entrepreneurs are not necessarily based on differential access to capital nor on being initiators of innovations; thus, unlike in trickle-down Reaganomics, advancement is actually quite open to many actors. A winner-take-all economy, then, does not negate the benefits of cooperation in a commons.

The authors’ interest in the role of the commons in small enterprises leads them to complement their studies of indigenous craft enterprises with small-scale industrial

production of garments in the mestizo town of Atuntaqui. Initially built on the demise of a large foreign-owned factory, the isolated family businesses, founded by the workers who had lost their jobs, prospered as a result of a government-sponsored program of innovation and mutual collaboration, only to return to mutual isolation when individual firms made deals with large-scale clients that left little room for the continued pursuit of common projects. The reader is left with the question of whether, in the long run, indigenous enterprises are more apt to involve sharing resources than those dominated by mestizos—a question whose answer is complicated by the fact that mestizos often work for Otavalo entrepreneurs and vice versa.

All in all, *Fast, Easy, and in Cash* is a welcome breath of fresh air in the study of artisans.

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2009 *Fighting Like a Community: Andean Civil Society in an Era of Indian Uprisings*. Chicago: University of Chicago Press.

## Banking on Words: The Failure of Language in the Age of Derivative Finance by Arjun Appadurai.

Chicago: University of Chicago Press, 2016. 176 pp.

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This little book seeks to do a lot of big things. Some of those things have been done already, and others are not as big as they seem. Still, there is enough to keep the interested reader occupied after some brush clearing, as Arjun Appadurai has a knack for synthesizing and sparking conversations.

With his characteristic skill at naming large-scale phenomena (think difference and disjuncture, or the social life of things), Appadurai equates contemporary finance with a specific form, the derivative form. The derivative is a contract through which new assets are created from other series of contracts, only distantly connected to any underlying asset. As promises, derivatives are a linguistic phenomenon. Appadurai sets out to track the failure of the derivative utterance in the global financial crisis and what came next.

Appadurai differentiates his effort from that of others who have been tackling finance for some time. He distinguishes between social studies of finance scholars, mainly following Michel Callon, who seek to understand finance’s devices and mechanisms, and anthropologists (mainly), who seek to understand finance in relation to “religion, ethics, and

salvational ideologies” (p. 16). His “intention is to put these two traditions back in live contact to achieve a paradigm shift to study the ethics of calculative action” (p. 17). Those of us whom Appadurai identifies on either side of this divide have very much been in live contact for the duration of our professional careers. The focus on mechanisms has never been entirely separate from the focus on ethos: despite some excesses of the performativity paradigm (that market devices format markets, tout court), those working on the tools have always been open to their more talismanic qualities. There is by now an extensive literature on numbers’ magic and quantification’s qualities. From within this live conversation, the disagreement has always been less between social studies of finance and anthropology and more between these two intertwining groupings and Marxist or otherwise world-historical accounts of the global economy. This is still true today.

Appadurai’s real contribution is his exegeses of the work of Max Weber, Émile Durkheim, Marcel Mauss, John L. Austin, and the popular author and options trader Elie Ayache. From Weber, Appadurai adopts the insight that Calvinism depended on “radical uncertainty about salvation or, more precisely, radical uncertainty about the value of a person’s life” (p. 5). From Ayache, he sidelines the probability or math of derivative pricing to focus instead on

derivatives' contractual form. Austin's concept of linguistic performativity allows Appadurai to query the conditions of felicity for derivative contracts. His hunch is that while some market participants may be trucking in risk, the higher-level players are engaged in a "different strategy of divination" that allows them to ride the wave of uncertainty, not risk, after Frank Knight's formulation. These players inaugurate a new ethic for capitalism. The incalculability of the present demands a set of dispositions that can deal with the "uncertainty imaginary" (p. 46).

Appadurai too quickly gives up the ghost in the machine of quantifiable risk—for have not others considered quantitative financial models' theological unconscious? Diviners, Appadurai's heralds of the new calculative ethos, always have divining rods. Quants managing risk also have faith—the algorithm can "work," but the algorithm can also be an instrument of piety. Sociologist of finance Juan-Pablo Pardo-Guerra (in press) reminds us that the man who filed the first patent for automatic trading was a fervent Calvinist.

The "failure of language" occurs because promises are divorced from the things warranting them. This claim is puzzling because it relies on a theory of language at odds with the wider argument. For Austin, language does not just represent, it is a tool. Magical spells in Trobrianders' gardens demanded a language different from ordinary speech. "The function [of magic words] . . . is not 'meaning' in the ordinary sense, but a specific magical influence which [they] are believed to exercise" (Malinowski

1935:214). Appadurai's discussion of Durkheim also seems to miss that Durkheim's greatest insight into contracts was their noncontractual basis as sociolegal scholars have long argued.

Appadurai offers a politics with reference to his fieldwork in India. Slum activists in Mumbai link individualism to greed but also shun group affiliations like class or interest group. Theirs is more monist conception of being linked contingently to one another in an unfolding biophysical order (p. 121). Appadurai sees in this an "immanent critique of both classical Hindu thought as well as . . . financialized individualism" (p. 123). Appadurai gestures toward the dividual person as permitting everyone, not just the highest-level players in finance, to introduce chance into their lives and generate new ways to create wealth. That's great! I am down with the dividual, but can I also have Dodd-Frank? Can we have a "thoroughgoing reform of our basic social vocabulary" (p. 118) as well as the Durbin Amendment? Can we enter into the language games of the regulators, the financial engineers, or others who like us are excluded from the domain of the elect? This is an analytical and political question that requires contingent answers and probably more live contact.

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## Making Refuge: Somali Bantu Refugees and Lewiston, Maine by Catherine Besteman.

Durham: Duke University Press, 2016. 352 pp.

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In *Making Refuge: Somali Bantu Refugees and Lewiston, Maine*, Catherine Besteman describes how Somali Bantus make refuge as they flee village life in southern Somalia for Kenyan refugee camps and resettlement in the United States amid growing austerity and anti-immigrant and anti-Muslim sentiment. It is a critique of the refugee regime and its neoliberal notions of refugees. The book is highly accessible, engaging, ethnographically rich, and written with real sensitivity, qualities that will resonate well with students. The book will also be useful to policy makers, NGOs, and refugee service providers.

From 1987–1988, Besteman conducted doctoral research among subsistence-level farmers in the village of Banta in the middle Jubba Valley in southern Somalia. Shortly after, the country's dictator was ousted, Somalia collapsed, and civil war ensued. Farmers in Banta and other villages in the fertile inter-riverine region became targets of militiamen. Survivors fled by foot to Kenya where they were "contained" in refugee camps. Besteman advocated on their behalf by publishing widely on the racial, ethnic, and class-based inequalities that made her informants in Banta vulnerable to genocidal violence. She joined Somali scholars in shattering the myth of Somalia's homogeneity.

In 2006, she was serendipitously reunited with Banta villagers during a presentation at Bates College in Lewiston, Maine. Throughout the book, the author draws from her research in Banta and data collected over ten years,