Brett Christophers

BANKING ACROSS BOUNDARIES

Placing Finance in Capitalism

Beginning with the assertion that critiques of the banking industry’s economic productiveness are manifestations of a problematic duality that imposes socially constructed oppositions between productive and non-productive and ‘real’ and financial economies, this unique synthesis of theoretical approaches relates two historical narratives. It details the processes by which Western banking has internationalized, and analyzes how representations of the banking sector’s ‘productiveness’, or otherwise, have taken different forms throughout the evolution of Western economic theory, mutating in tandem with the latter’s development.

Examining the relationship between these two narratives, the author sheds light on how we, as a society, ‘place’ finance conceptually; on how banks, as economic institutions, have ‘placed’ themselves geographically; and on how these two modes of placement have become increasingly intertwined. In the process, the book illuminates not only how economic ideas ‘perform’ and shape the economic world, but how those ideas are themselves always products of particular economic realities. This original contribution to the perennial debate over the financial services industry will be read with added urgency by scholars spurred on in their analyses by the contemporary financial crisis.

Brett Christophers is Assistant Professor in the Department of Social and Economic Geography and the Institute for Housing and Urban Research at Uppsala University, Sweden.

Also available as an e-book

WILEY-BLACKWELL

www.wiley.com/wiley-blackwell

ISBN 978-1-4443-5206-7
Endorsements for Banking Across Boundaries

“An innovative, well-researched and invaluable book on the importance of banks and banking to contemporary capitalism. The vital importance of their cross-boundary activity and the controversy over whether and how they really do contribute to the wealth of nations are here illuminated in novel ways.”

David Harvey, Distinguished Professor, City University of New York

“A trenchant, theoretically sophisticated analysis of the reciprocal relationship between economic ideas and material developments in banking and finance. In a book sure to make economists and ordinary citizens rethink the recent financial crisis, Christophers demands that we take the long historical view and place national economies in a global context. This is a fresh, exciting, and probing call for more expansive frames of economic analysis and more critical reflection on the data that allow us to know what we think we know about productivity and finance.”

Mary Poovey, Samuel Rudin University Professor in the Humanities, New York University

“In Banking Across Boundaries Brett Christophers walks us through a history of capitalism that considers the importance of how financial intermediation is counted in economic geographies. Crucial here is the evolution of banks’ spatial anatomy and conceptions of banks’ economic productiveness. Explained over three periods of capitalist development, Christophers does a splendid job in detailing how ideas and practices enable one another in how banks operate across boundaries and why they are considered to be productive in modern national accounting. This book is of great interest to all scholars of finance in the international political economy.”

Leonard Seabrooke, Professor of International Political Economy and Economic Sociology, Copenhagen Business School
Antipode Book Series

Series Editors: Vinay Gidwani, University of Minnesota, USA and Sharad Chari, London School of Economics, UK
Like its parent journal, the Antipode Book Series reflects distinctive new developments in radical geography. It publishes books in a variety of formats – from reference books to works of broad explication to titles that develop and extend the scholarly research base – but the commitment is always the same: to contribute to the praxis of a new and more just society.

Published
Banking Across Boundaries: Placing Finance in Capitalism
Brett Christophers

The Down-deep Delight of Democracy
Mark Purcell

Gramsci: Space, Nature, Politics
Edited by Michael Ekers, Gillian Hart, Stefan Kipfer and Alex Loftus

Places of Possibility: Property, Nature and Community Land Ownership
A. Fiona D. Mackenzie

The New Carbon Economy: Constitution, Governance and Contestation
Edited by Peter Newell, Max Boykoff and Emily Boyd

Capitalism and Conservation
Edited by Dan Brockington and Rosaleen Duffy

Spaces of Environmental Justice
Edited by Ryan Holifield, Michael Porter and Gordon Walker

The Point is to Change it: Geographies of Hope and Survival in an Age of Crisis
Edited by Noel Castree, Paul Chatterton, Nik Heynen, Wendy Larner and Melissa W. Wright

Privatization: Property and the Remaking of Nature-Society
Edited by Becky Mansfield

Practising Public Scholarship: Experiences and Possibilities Beyond the Academy
Edited by Katharyne Mitchell

Grounding Globalization: Labour in the Age of Insecurity
Edward Webster, Rob Lambert and Andries Bezuidenhout

Privatization: Property and the Remaking of Nature-Society Relations
Edited by Becky Mansfield

Decolonizing Development: Colonial Power and the Maya
Joel Wainwright

Cities of Whiteness
Wendy S. Shaw

Neoliberalization: States, Networks, Peoples
Edited by Kim England and Kevin Ward

The Dirty Work of Neoliberalism: Cleaners in the Global Economy
Edited by Luis L. M. Aguiar and Andrew Herod

David Harvey: A Critical Reader
Edited by Noel Castree and Derek Gregory

Working the Spaces of Neoliberalism: Activism, Professionalisation and Incorporation
Edited by Nina Laurie and Liz Bondi

Threads of Labour: Garment Industry Supply Chains from the Workers’ Perspective
Edited by Angela Hale and Jane Wills

Life’s Work: Geographies of Social Reproduction
Edited by Katharyne Mitchell, Sallie A. Marston and Cindi Katz

Redundant Masculinities? Employment Change and White Working Class Youth
Linda McDowall

Spaces of Neoliberalism
Edited by Neil Brenner and Nik Theodore

Space, Place and the New Labour Internationalism
Edited by Peter Waterman and Jane Wills

Forthcoming
Fat Bodies, Fat Spaces: Critical Geographies of Obesity
Rachel Colls and Bethan Evans
For my mother
The bank – the monster has to have profits all the time. It can’t wait. It’ll die… When the monster stops growing, it dies. It can’t stay one size.

John Steinbeck, *The Grapes of Wrath*

In the last paper we saw that just payment of labour consisted in a sum of money which would approximately obtain equivalent labour at a future time: we have now to examine the means of obtaining such equivalence. Which question involves the definition of Value, Wealth, Price, and Produce.

None of these terms are yet defined so as to be understood by the public. But the last, Produce, which one might have thought the clearest of all, is, in use, the most ambiguous; and the examination of the kind of ambiguity attendant on its present employment will best open the way to our work.

John Ruskin, *Unto This Last*
# Contents

List of Figures viii  
List of Abbreviations ix  
Acknowledgments x  
Introduction 1  

## Part I  Worlds Apart: Before Keynes 25  
1 The Birth of Economic Productiveness 27  
2 Instrumental Internationalism 57  

## Part II  Worlds Aligned: From the Great Depression to the Eve of the Big Bang 101  
3 Enclosing the Unproductive 103  
4 America, and Boundaries Breached 146  

## Part III  Co-Constituted Worlds: The Age of Financialization? 185  
5 Layering the Logics of Free Trade in Banking 187  
6 Anaemic Geographies of Productive Finance 229  

   Afterword 275  
   Index 282
List of Figures

Figure 4.1  Sector contributions to US national economic output, 1929–1935 154
Figure 4.2  Overseas branches of US member banks 164
Figure 5.1  Finance and insurance share of US value-added, 1947–2010 206
Figure 6.1  Contribution to US national corporate profits of earnings from the rest of the world, 1990–2010 242
Figure 6.2  Value of national financial services exports, 1995–2010 253
Figure 6.3  UK financial services exports, 1986–2008 257
Figure 6.4  UK financial corporations’ foreign direct investment income, 1987–2009 258
Figure 6.5  US financial services exports, 1986–2010 260
Figure 6.6  US finance sector corporate profits and UK financial corporations’ gross operating surplus, 1980–2010 261
Figure 6.7  US finance sector income from foreign direct investment, 1999–2010 262
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIG</td>
<td>American International Group</td>
</tr>
<tr>
<td>BBA</td>
<td>British Bankers’ Association</td>
</tr>
<tr>
<td>BEA</td>
<td>Bureau of Economic Analysis (US)</td>
</tr>
<tr>
<td>BIS</td>
<td>Bank for International Settlements</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound annual growth rate</td>
</tr>
<tr>
<td>CSI</td>
<td>Coalition of Service Industries (US)</td>
</tr>
<tr>
<td>EC</td>
<td>European Community</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign direct investment</td>
</tr>
<tr>
<td>FISIM</td>
<td>Financial intermediation services indirectly measured</td>
</tr>
<tr>
<td>FSUG</td>
<td>Financial Statistics Users’ Group (UK)</td>
</tr>
<tr>
<td>GATS</td>
<td>General Agreement on Trade in Services</td>
</tr>
<tr>
<td>GATT</td>
<td>General Agreement on Tariffs and Trade</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>GNP</td>
<td>Gross national product</td>
</tr>
<tr>
<td>GVA</td>
<td>Gross value-added</td>
</tr>
<tr>
<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>IBSC</td>
<td>Imputed Bank Service Charge</td>
</tr>
<tr>
<td>IFSL</td>
<td>International Financial Services, London</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>NBER</td>
<td>National Bureau of Economic Research (US)</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
</tr>
<tr>
<td>OEEC</td>
<td>Organization for European Economic Co-operation</td>
</tr>
<tr>
<td>ONS</td>
<td>Office of National Statistics (UK)</td>
</tr>
<tr>
<td>SEEF</td>
<td>Service des Études économiques et financières (France)</td>
</tr>
<tr>
<td>SNA</td>
<td>System of National Accounts (United Nations)</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
Acknowledgments

My first and biggest thanks are reserved for my wise and wonderful wife, Agneta, and for our three equally wonderful children: Elliot, Oliver, and Emilia. Thank you, thank you, thank you. Thanks, too, to my parents and siblings.

* * *

I have been based at Uppsala University in Sweden throughout the period of researching and writing this book. The staff of the university’s Library of Economic Sciences did an invaluable and incredibly efficient job in handling unrelenting volumes of inter-library loan requests. I would also like to thank all my colleagues in the Department of Social and Economic Geography and the Institute for Housing and Urban Research for creating warm and supportive working environments. A special word in this regard for Gunnar Olsson, whose particular vision and practice of scholarship – in times not necessarily conducive to either – continue to inspire.

I am extremely grateful to everyone associated with the Antipode Book Series for enabling this book to see the light of day: specifically to Rachel Pain, for responding enthusiastically to my original proposal; to Vinay Gidwani, for shepherding the manuscript through the latter stages of the process; and to Jacqueline Scott at Wiley-Blackwell for being an encouraging and accommodating editor.

The book draws upon conversations with and insights provided by many individuals. Those deserving special mention are: those I formally interviewed (and in some cases, repeatedly pestered) in carrying out the research, especially in the field of national accounting; Geoff Mann, for a close and constructive reading of the original proposal, and for ongoing dialogue around many of the book’s core themes; Andrew Sayer, for helping me (probably unwittingly) to clarify some of my principal arguments; Dan Davies, for his perspectives on the world of banking; and last but definitely not least, the anonymous reviewers corralled into reading
both the proposal and the final manuscript. Notwithstanding all this help, the
book’s arguments – especially any tenuous ones – are mine alone.

The book draws, in extensively revised form, on material previously published
in two articles: “Making finance productive”, *Economy and Society*, 40, 2011,
pp.112–140; and “Anaemic geographies of financialisation”, *New Political
tandfonline.com) and editors for permission to reuse this material.

Finally, I am thankful for financial support in the shape of a research fellowship
(2008–2011) from Jan Wallanders och Tom Hedelius Stiftelse – a foundation
established and administered by, of all things, one of Sweden’s largest commercial
banks (Svenska Handelsbanken).

July 2012
Introduction

With regard to money, the power of ideas does more than just shape the possible. It defines the feasible.

Jonathan Kirshner (2003)\(^1\)

This book investigates the place of finance in general, and banks in particular, vis-à-vis two of Western capitalism’s emblematic boundary-forms: the geopolitical boundary separating states from one another, and the representational boundary separating activities and institutions deemed economically productive from those deemed unproductive. With a focus upon banks’ crossing of boundaries of one type or the other during the course of the history of capitalism, the book is animated by a number of core questions. To what extent, at different times and in different places, have banks been cross-border as opposed to territorially-bound entities? Have banks typically been seen as economically productive or unproductive in these different places and times? And what relationship, if any, have banks’ respective boundary positionings – the geographical variety and the conceptual variety – borne to each other? While a substantial existing literature provides many though not all of the answers to the first question, the second question has been only minimally considered, and the third not at all.

Offering a broad historical sweep from the era of merchant capitalism, through that of industrial capitalism, all the way up to and including today’s ostensibly “financialized” capitalism, the book makes a series of claims. First, it argues that finance has been made productive, not in a literal sense but rather in a perceptual sense: having been considered economically unproductive for most of the long history explored here, banks were increasingly envisioned as productive during the twentieth century, particularly by means of the new calculative technology of
national accounting. Further, the book maintains that a relationship between the two forms of boundary negotiation has gradually emerged. The question of whether banks were regarded as productive or unproductive was, for a long time, immaterial to their potential or actual geographical scope, as indeed was this geography, in turn, to the way in which they were envisioned (as productive or not). This is no longer the case. So entangled have the two types of boundary positioning become, it is claimed, that not only does the conceptual actively shape the geopolitical, but also vice versa. Simply stated, being “made” productive has helped enable (Western) banks colonize international markets, while this process of financial internationalization has itself intensified that very perception of productiveness. A virtuous – or some might say, vicious – circle has materialized.

The rest of this introduction fleshes out what the reader can expect from the book and the various rationales for it looking like it does. I firstly explain the impetus to the research and thinking which underpins the book, amongst other reasons because this impetus foregrounds why the arguments herein matter, here and now. I then outline the theoretical moorings anchoring those arguments, indicating which conceptual perspectives I have found most useful but also where, how and why my approach departs from these. This discussion also contains important signposts as to the book’s empirical framing: the categories and classifications it relies upon, the questions it asks and the questions it leaves untouched. Finally, I provide a fuller rendering of the book’s main line of argument, partly by way of explaining and signalling the structure of what follows, and partly to enable the reader to orient herself at any particular point in the narrative – to appreciate how the argument in one part of the book connects up to the larger story of which it is a part.

**All Roads Lead to FISIM**

*Banking Across Boundaries* is not about the financial crisis which began in 2007, but it grew directly out of a series of reflections on the crisis: reflections on what was actually happening to financial institutions and markets, certainly, but more explicitly on the nature of the responses the events elicited from the banking community, its champions, its critics, and politicians both inside government and outside it. I am only too aware that with a deluge of books and articles having poured forth in the past four years, the last thing the reader is likely to want is yet more commentary on the crisis; nevertheless, the question of how and why the crisis gave rise to this book is a material one and hence needs to be addressed here. In return for the reader’s forbearance, however, I promise to not return to the crisis until the very end of the book, in the Afterword.

As I witnessed and tried to come to terms intellectually with the unfolding financial crisis and its myriad representations during 2007 and 2008, my thinking increasingly channelled into two distinct streams of active inquiry, and as I pursued these flows downstream both ultimately converged, to my surprise, on a concept and acronym I had never knowingly encountered before: “FISIM.”
What was this FISIM? By outlining, now, the nature of these two streams of inquiry and the directions in which they led, I will not only provide a preliminary answer to this question, but more importantly demonstrate why the overall argument developed in this book is a significant one, and why FISIM and related concepts play a central role within it. The first stream of inquiry was into what I tended to think of as “conceptual” responses to the crisis, the second into “political” responses (although, as I make clear, there is assuredly no hard-and-fast distinction between them). I will take each in turn.

**Productive or unproductive, is that not the question?**

It was inevitable that much of the commentary about the financial crisis beginning in 2007 would focus upon the role of the banking sector in fomenting the crisis. What was perhaps less foreseeable was that a good deal of this discussion would be given over to conceptual questions rather than strictly technical or historical ones. What particularly struck me, however, was the crystallization of a set of arguments, very much prompted by the crisis, about the fundamental “nature” of banks as economic actors. Perhaps most notably of all, critics and supporters of the banking sector came to occupy opposing positions in a conceptual debate (which was also, at the same time, clearly a political debate) about the value contributed by banks – about, in short, banks’ economic productivity.

On one side of this argument were lobby groups such as the British Bankers’ Association (BBA) (the UK’s self-proclaimed “voice of banking & financial services”) and American Bankers Association. These bodies essentially peddled the line advanced by Goldman Sachs chief executive Lloyd Blankfein, who described workers at banks (well at least, at his own) as “among the most productive in the world.”2 Such views from within the industry were recirculated by supportive voices in the media. The British libertarian economist Tim Congdon, writing in the influential *Prospect* magazine, described the UK’s financial sector as “fantastically productive.” Nobel Laureate and America’s self-styled “liberal conscience” Paul Krugman, arguing against calls for “narrow banking” (whereby banks would be required to hold all deposits in liquid, short-term assets), insisted that by allowing individuals ready access to their money “while at the same time allowing most of that money to be invested in illiquid assets,” banks performed “a productive activity, because it allows the economy to have its cake and eat it too.” Others offered similarly forthright claims.3

On the other side of the argument were voices such as those of Karel Williams and his colleagues at the UK’s Centre for Research on Socio Cultural Change. In their “alternative report” on UK banking reform, Williams and co-authors challenged the image of a “productive” financial sector head-on, arguing that when one considered empirically the sector’s net contribution to the economy – factoring in costs as well as benefits – the notion of productiveness simply did not stack up.4 Will Hutton agreed, echoing the comments of the UK Financial Services Authority’s chairman Adair Turner by castigating banks for engaging in
“economically and socially useless activity”; and so too, apparently, did even the *Financial Times* columnist Martin Wolf. “A large part of the activity of the financial sector,” Wolf stated, “seems to be a machine to transfer income and wealth from outsiders to insiders.” This, of course, was the very opposite of a depiction of productiveness.

Reading further into this stand-off and thinking about the terms of its engagement prompted two observations. The first was that the protagonists on either side seemed to be talking at cross purposes not just politically but conceptually: using different metrics, different systems of calculative representation, and even, in some senses, different languages. The second observation stemmed from the first. Given the different ways in which “productiveness” could be and was being defined and delimited, fighting fire (banks are productive!) with fire (no they are not!) seemed a powerful yet also *limiting* approach to formulating a radical critique of the economy and “finance’s” place within it.

Believing, therefore, that a different way of approaching things might be useful, I began to wonder instead not about whether banks are genuinely productive, but about where and how representations of productiveness – indeed, the very concept of economic productiveness – come into being. Through what socio-technical apparatuses are the most potent and pervasive representations manufactured, and what power relations are implicated in the process? How, moreover, have such technical and social relations of production changed over time: were hegemonic understandings of productiveness created by the same means 50, 100, or 200 years ago as today? Much of this book is ultimately concerned with answering these questions in a historical context; but my immediate interest was, and is, in the mechanisms of manufacture of productiveness specifically in the present.

Two separate experiences led me to what I argue in this book is a – and perhaps even the – principal forum for the modern-day “making” of economic productiveness, by which I mean the making of accepted representations thereof: the practice of national accounting. One was returning to Helen Boss’s *Theories of Surplus and Transfer*. There she shows that the idea of a distinction between productive and unproductive activities is a longstanding one in economic theory, and that while there may be good reasons for avoiding such a distinction intellectually, it cannot be avoided practically, for it is still with us today – not least in national accounts, which, at once, both depend upon and reproduce the distinction in question, then releasing it to circulate and do its work amongst, inter alia, “journalists, politicians and voters.” The other experience was reading, in the midst of the crisis (June 2009), the then-UK Chancellor Alistair Darling’s annual Mansion House Speech to the City. Darling struck what was, given the timing, an extraordinarily conciliatory tone. Having read Boss, however, it was the metric Darling used to justify this tone that I found most arresting. “The City of London – and other financial centres such as Edinburgh and Leeds – remain an immense asset to our country. The financial sector makes up 8 per cent of our national economy.” He used, as Boss observed politicians so often do, national accounting data – and he did so expressly to substantiate the financial sector’s value.
Now, I do not mean to suggest that national accounting metrics, including most prominently the closely-linked gross domestic product (GDP) and gross value-added (GVA) measures, are the only figures mobilized politically to demonstrate the economic value of an activity – or even the only important ones. The BBA, as just one example, often also cites employment or tax figures to prove the bank sector’s worth. (Consider the particularly suasive statement that “The corporation tax paid by our financial institutions would pay annually for the building of some 36 hospitals.”) I do want to argue, however, that there is something singularly important and influential about claims that banking or finance contribute such-and-such a share of national product or value-added. The reason is that they bespeak, precisely, productiveness. The very term “value-added” asserts augmentation: it conjures a quantum of value that if not generated by the financial sector would not exist. The significance of this implication of accretion cannot, in my view, be overstated. For a parasitical industry could equally well employ millions of people and pay millions in tax on its (leeched) profits – but it could not claim to be adding to the national economy; to be producing, as opposed to redistributing, wealth. Perhaps, indeed, this unique quality of national accounting data serves in part to explain how and why they have become quite so widely influential, to the degree that “GDP,” in particular, in Dirk Philipsen’s words now “arguably shapes people’s thinking and actions more than any other ideology,” and has thus become “the world’s key benchmark.”

Pondering these issues in the middle of 2009, I decided to look at the only national accounts with which, at the time, I had any familiarity (the UK’s), to see what I could learn about how they created and calculated economic productiveness, and especially the productiveness of banks. The most recent release was the accounts for the fourth quarter of 2008. This, I thought to myself, should be interesting, given the recent turmoil in the banking sector. Imagine the shock, then, when I read that while UK nonfinancial corporations’ operating surplus had declined by 3.4 percent in Q4, financial corporations’ surplus had risen – and by 36 percent! Surely this could not be right: Q4 2008 had seen, in the face of enormous losses and write-downs, the state bail-out of the UK banking sector. Searching for an explanation, I turned to the accompanying briefing note, where I immediately found the answer. In relation to the previous quarter (Q3 2008), the operating surplus of financial institutions had been positively impacted in Q4 to the tune of £6.1bn thanks to an increase in the supply of a particular type of service: not a service category I recognized, however, but “FISIM services.” What on earth, I wondered, was FISIM? The last two words of the five – “indirectly measured” – were what caught my eye: this baffling increase in financial sector surplus was concentrated in services defined, at least in part, by their method of measurement.

Taming the monster in whose midst?

In parallel with these inquiries into the economic contribution of banking and how it was represented, the financial crisis also prompted me to begin thinking
about what I presumed was another set of issues altogether: the geographies of finance and banking. In certain respects this was inevitable – I am a geographer by disposition as well as training; and in ways that were both obvious and not so obvious, this was “a very geographical crisis.” My own particular thinking around these geographies, however, had quite a specific reference point, in the sense that it crystallized explicitly around the nature of the political reaction to what was happening. And although this reaction initially took the form of a “something must be done” clamor from across the political spectrum, it soon cohered in a more tangible sense as a remarkable absence of action at any discernible level in any of the major Western nations most impacted by the crisis. As such, the question rapidly became: how, given the depth and breadth of popular support for meaningful reform of the financial sector, do we explain this comprehensive inaction?

I had, and have, a great deal of time for the argument, presented by people like David Harvey, that the limp political response to the crisis can be understood within the broader historical context of the reconstitution of class power under neoliberalism, led by an increasingly consolidated state-finance nexus knitting together, in the case of the US, Wall Street, and Washington. Yet at least two other factors seemed to me to be in play. One was the investment of the state in precisely the envisioning of the financial sector I have just been discussing. Ideas matter, particularly, for better or for worse, economic ideas, and the idea that banks are economically productive institutions – an idea rendered palpable in the “8 per cent of our national economy” figure brandished by Chancellor Darling – clearly mattered greatly in the political aftermath of the crisis in the global banking sector. Had banks continued to be seen as economically unproductive in the way that they have, as this book shows, for most of their history, perhaps we could have expected a different political response.

The other factor was the geography of it all. It became increasingly clear that one could not understand the political response, such as it was, unless one took geography seriously. This geography had a number of dimensions, one of which was and is frequently commented upon: the fact that the global banking business is highly concentrated in a relatively small number of global cities such as London, New York, and Hong Kong. Banks and their supporters were only too quick to warn American and British political leaders of the risks of so-called “regulatory arbitrage” – a fancy way of saying that if the US and UK regulators clamped down on banks, then those banks would move their operations to somewhere with lighter, and hence for the banks less costly, regulation, and the US and UK economies would suffer losses in economic output, tax revenues, and employment accordingly. Whether the threat of banks taking business from London or New York and handing it to Frankfurt or Paris was real or not, the perception of such a threat almost certainly was.

Thus, I do not want to discount this particular issue. I had a strong sense, however, that there were other, less visible and less discussed geographical factors which needed to be understood. What these were became clear when those nominally in favor of reform began talking, as they increasingly did, of a master-and-servant
relationship in the economy. The problem, they said, was that “finance” had become the master of the wider economy; reform should be directed towards making finance the servant of that economy. This sounded reasonable enough, but it immediately begged numerous questions, not least of which was how one might distinguish between the financial and nonfinancial economies in the first place, and indeed what sort of work exercises in such boundary-drawing perform—questions closely related, as we will see, to those I ask in this book about the drawing of boundaries between economic productiveness and unproductiveness. The question I began to think about in terms of the evident political inaction, however, was not what this wider “nonfinancial” economy was, but where it was.

This seemed a particularly important issue, since another thing made very clear by the crisis was not just the heavy concentration of banking institutions in a small number of globally-important financial centers, but international connectivity—of financial flows, and of and within the financial institutions that initiate, coordinate and profit from them. The debate around regulatory arbitrage gave the impression that if banks (as institutions) moved offshore from London or New York, the business they did would move them. What was crucially missing from the debate was recognition that much of this business was already offshore; had it not been, it is hard to imagine that the crisis would have spread quite as rapidly and powerfully as it did. The extent to which notionally “US banks” or “UK banks” were frequently in fact transnational entities to the very core would later be brought home forcefully to observers in the UK when, in February 2011, it was reported that the UK corporation tax paid by UK-headquartered Barclays Bank in 2009 represented just 1 percent of its global profits for that year.

The pertinent point here is that while the “master and servant” metaphor invoked inter-sectoral relations of power and a desire to rebalance these in favor of the nonfinancial economy, it occluded geographical considerations and thus also inter-territorial relations of power. If regulatory action were to be taken in the US or UK to inhibit the self-evident power of the domestic financial sector, who would stand to benefit, and where? Would it be French or German consumers and “nonfinancial” companies as well as French or German banking institutions; and with what impact upon precarious Anglo-American balance of payments ledgers? With finance and financial institutions now being so transnational, it was hard to believe that such questions were not, at some level, part of the complex political calculus around financial (non)reform.

In view of this particular conjuncture of geography and politics, to understand the regulatory torpor it seemed vital to understand how and when Western banks had become so transnationalized, and what the enabling factors in this internationalization had been. But first a basic sense of the scale of contemporary bank internationalization would be necessary, most specifically for the banks of the two countries where the specter of regulatory arbitrage had been raised, namely the US and the UK. The first useful figures I found were for the UK. Published in August 2009, two months after the quarterly national accounts release discussed earlier, these figures were contained in a report by the private-sector body which represents the UK financial services industry internationally: International
Financial Services, London (IFSL). And the numbers were clearly material: net exports by UK banks of £31.1bn for 2008 as a whole; the national accounts, to put this into some sort of context, had reported a total annual operating surplus of £62.0bn for all UK financial corporations (including insurance companies). Again, however, it was an apparently technical detail that stood out: comfortably the largest individual bank product or service export category, accounting alone for just under half of all bank net export value, at £15.4bn – FISIM.

There was, then, or at least there appeared to be, a link of some sort between my two strands of thinking in relation to the financial crisis. Something evidently central to banks’ international reach was also clearly a critical factor in the measurement of their productiveness in the national accounts. I thus began research in and around this nexus – the nexus where the geography of banking encounters ideas about the productiveness of banking and the expression of those ideas in quantitative measures – and this book is the result.

The first thing I discovered was what FISIM actually is, and the answer, as it often is in matters financial, was considerably simpler than the acronym intimated. It is the name given in today’s national accounts to the valuation of the output of what most of us see as banks’ core business, namely market-making in cash (i.e. the taking of deposits and the provision of loans) and in other financial assets: “financial intermediation services, indirectly measured.” Yet I rapidly learned that if the concept is nominally simple, national accountants had seemingly spent the best part of eight decades making it as complicated as it could possibly be. FISIM, and related concepts which preceded it, has long provoked great controversy in national accounting circles, giving rise, as the influential French practitioner-cum-historian André Vanoli once put it, “to perplexity, stress, reversals and memorable rows.” In 2010, when people outside of the national accounting community began noticing the disjuncture highlighted above between a practically insolvent UK banking sector and accounts which showed the sector generating more surplus than ever, this controversy seeped out into the wider political arena.

I will return to that particular controversy in the book’s Afterword, because it is an extremely salutary one for all manner of reasons. The bulk of the book, however, is about situating FISIM as an outcome not just of a perennial debate on banking and banks’ intermediation services within twentieth-century national accounting, but of a centuries-long debate on the economic nature or role of banks within Western economic and social discourse more broadly; indeed, FISIM does not make its appearance until Part III, which covers the past four decades. Equally, the book is about the relationship between this positioning of banks vis-à-vis the pivotal productive/unproductive boundary and their positioning vis-à-vis the geopolitical boundaries that have become a similarly fundamental feature of capitalist society during the long history of this mode of socio-economic production. It links the process of banks being “made” productive to the process of their internationalization which, in the contemporary crisis moment, has appeared to make workable and meaningful reform so politically intractable. It shows, in sum, that how society places banks conceptually and how banks are able to place themselves geographically have become ever more tightly entangled affairs.
The Accumulation of Effective Determinations

Do economists make markets? A consideration of this question, variously conceived, has been fundamental to the process of researching and writing this book. My primary point of reference in this respect has been the burgeoning and very much contemporary literature on the so-called “performativity” of economics. Although it comes in many shapes and sizes, the central gist of the bulk of this literature has been that economics plays an active rather than purely passive role in the economy. Economists and economic statisticians, and the economic ideas, models and measurements they produce, do not merely describe an “external” economic reality; they are always and everywhere part of the economy, shaping and reproducing it in the very moment that they attempt to capture it conceptually. In the words of one of the main protagonists in this field, Donald MacKenzie, economics is “effectively performative” since it is “an active force transforming its environment, not a camera passively recording it.”

There are both generic and more specific reasons why the literature in question is a touchstone for this book. The generic reason is that one of the main questions posed in the book concerns the effective materiality of economic ideas around the productiveness of banks, especially in relation to the internationalization of finance and banking. Have such ideas, as articulated and quantified both inside and outside the national accounting tradition, served as “mere” representations, or have they influenced political-economic outcomes in one way or another?

The more specific reason for the pertinence of the performative economics literature concerns the special nature of banking. Banking has rarely if ever been seen as a “normal” sector of the economy; the very fact that people so often refer to the “real” economy in contradistinction to the “financial” economy is evidence of this. More than just “different,” however, banking has typically been considered politically and economically vital, in the sense of both mediating wider rhythms of capital accumulation and serving as a principal site of regulatory leverage within the economy at large. As a consequence of this presumed vitality, banking, as Benjamin Cohen has observed, “is typically subject to more regulation than other sectors of the economy.” For Cohen, the key upshot of this, in turn, is that banks need to cultivate “a more active relationship with the public authorities” than many other industries, “not only at home but also outside the nation’s borders.” While Cohen is undoubtedly right, and this last point in particular is borne out directly by the story told here, banking’s perceived “specialness” raises, for me, another key factor. Namely, because it is seen to be uniquely potent and in need of special governance, ideas about banking – about the role it plays in the economy – have the potential to be especially efficacious. Eager to ensure that they manage the banking sector in the way that best serves their wider political, social and economic objectives, political authorities will often pay very close heed to prevailing economic ideas about what banks are and how they function. Those ideas thus have a very great capacity to “perform” the economy of the present and the future.
The work of scholars such as MacKenzie, Michel Callon, and Timothy Mitchell on the constructive work of world-making effected by economics has therefore had a deep influence on this book. While it is in some respects invidious to point to just one intervention amongst many, Mitchell’s work on housing markets was especially helpful. In it, he shows that the policies championed by the economist Hernando de Soto rely on the notion of a distinct boundary between capitalist and noncapitalist, or market and nonmarket, economic realms. Mitchell suggests that instead of contesting the exact placement of this boundary (and becoming entrapped by the dualisms it sustains), it may be more useful to examine the tools and technologies that validate (mis)placements on one side of the boundary or the other, and to question the nature of the worlds that such placements ultimately help to effect and organize.

With Western political-economic thought having long ago fashioned a “production boundary” separating putatively productive economic activities from unproductive ones, it is, therefore, in precisely the spirit of Mitchell’s argument that this book proceeds. Instead of debating specific placements of banking and finance vis-à-vis this boundary, it examines where and how such placements arise and are legitimated and what types of geographical economies they put in place; it treats these placements as, à la MacKenzie and Callon, fundamentally performative acts. In doing so it seeks to offer, in the language of Fred Block and Gene Burns, “a sociology of social indicators [through examining] the process by which these particular social facts are created and how the facts are then used by different social actors.” It interrogates both the conditions and consequences of metrics and models precisely because, as Andrea Mennicken and Peter Miller observe, performativity otherwise “can be an empty notion.”

To take this approach is not at all to discredit or undervalue the work of scholars who do actively contest assignations of certain activities – banking included – as productive or unproductive, for example by deliberately “blurring” those dividing lines. Nor is it to adopt an agnostic position myself on the specific question of the placement of banking. It seems clear to me that some conceptualizations of the productiveness of banking, and the boundary placements underpinning them, are indubitably more “accurate” than others – or, as I would prefer to put it, are more adequate to the task of explaining why the political-economic world looks like it does. But that is not the argument I want to make here (although I will take occasion in the Afterword to reflect on the implications of the self-evidently abject inadequacy of national accounting’s contemporary conceptualization and methodology for measurement of the productiveness of banks). Rather, I choose to insist that all boundary placements – whatever their practical adequacy – have material, socio-historical contexts worth exploring and understanding and, as Callon et al. would have it, perform political and economic work.

Yet although my account is indebted to the work of the above-mentioned scholars on the performativity of economics, I do have reservations about this literature, and my book is in part an attempt to critique and modestly rework it. Some of these reservations are relatively perfunctory, and relate merely to the fact that I am not convinced the work in question is quite as novel and distinctive as it is...
sometimes held to be. The Callon-edited collection *The Laws of the Markets* was published in 1998, and it shaped in many ways the field which materialized largely in its wake, but by that point critical accounting scholars had been carefully delineating the constitutive function of economic accounting for at least two decades.28 This earlier work is often neglected in the more recent study of economic performativity by social and cultural theorists – a point also made by one of the key voices in the critical accounting field, the Foucauldian Peter Miller – but it indubitably blazed a conceptual trail and I am keen therefore to acknowledge its influence here.29 (That said, the critical study of accounting as a performatив technology has almost always focused on *company* rather than national accounting, and to this extent it, too, is given a different inflection in this book.30) Somewhat comparable arguments about the effectivity of economic ideas, meanwhile, have also been advanced in the field of comparative political economy, especially insofar as ideas are seen to shape institutions, and I have learned from and leaned upon this literature as well.31

My more substantive concerns with the plethora of work on economic performativity are twofold. First, there is in some of this work a creeping instrumentalist tendency. By this I mean that because economic theories and ideas are recognized as being effectively performative in one time and place they are assumed to be so both more generically and, even, to the exclusion of other material factors. Yet this is clearly not the case. Ideas *can* be effective; but they are not always. Sometimes, as we will see in Chapter 2, they have little or no practical consequences; and even when they do, such effectivity tends to be layered on, or to blend with, the effects of other forces. This last point will be established more concretely in Chapter 5: in arguing that ideas about economic productiveness facilitated the late-twentieth-century internationalization of banking, I am not seeking to contest existing explanations for the latter phenomenon, but rather to add a new dimension to them.

Second, existing work on economic performativity tends to focus on just one side of what is surely economics’ dialectical implication in the history of capitalism. What do I mean by this? Economics, it is said, shapes the world as well as attempting to describe it. But economics is also shaped *by* – as it is always a product *of* – the world it strives, always imperfectly, to model. From my perspective, this recognition is all too often missing from the otherwise insightful scholarship on the constitutive dimensions of economic ideas, measurements and “machines.” The recognition is, moreover, critical, since unless we constantly acknowledge and try to understand the ways in which the economic world envisioned by economics frames the knowledge that *is* economics, we risk obscuring that world’s obdurate materiality. In its strongest forms, virtualism can verge on denial of capital or more specifically of, in the work of Daniel Miller, capitalist markets.32 In more tempered forms, it can still provide the impression that the economy does not in fact add up to much more than the outputs of economics’ discrete performative works. Either way, my book is underpinned by an insistence that there *is* a capitalist system, increasingly structured by markets, with a history certainly sculpted *in part* by economic discourses and their instantiation in different
calculative technologies, but the dynamics of which are clearly irreducible to those ideas and indeed represent an ineluctable framework for comprehending those ideas and their potential significance.

This insistence speaks to, and actively seeks to problematize, something of a divide in the history of critical or “radical” social-scientific scholarship on money and finance – a divide that is especially marked in my home discipline of human geography. In the 1980s and early 1990s, professedly critical geographers of money and finance worked largely in a radical materialist political-economic tradition, influenced in particular by David Harvey’s elucidation of the dynamics of finance capital in *The Limits to Capital.* But from around the mid-1990s, as human geography more broadly underwent a “cultural turn,” the emphasis changed and critical work on money and finance headed largely in new directions. Andrew Leyshon and Nigel Thrift’s 1997 collection of essays, *Money/Space,* is especially significant in this regard for it both incorporated and catalyzed this shift: the first part of the book assayed a political economy approach; the second an avowedly alternative, and now privileged, “discursive” approach.

My quarrel with Leyshon and Thrift here would be that they depicted matters in either/or terms in a comparable way to that in which, I am suggesting, the economic performativity literature has also often tended to do. But surely it cannot be one (political economy) or the other (discourse). We need critically to analyze the material motions of capital, and we need to understand the work of ideas in framing and constituting the capitalistic environment. As such this book, while paying due heed to the materiality of economic ideas, is written against the grain of Leyshon and Thrift’s apparent implication (as I observed elsewhere) that “adopting such a ‘discursive approach’ to matters of finance somehow requires ‘throw[ing] away’ Marxism.”

My insistence on treating matters dialectically is rooted in a conception of history which I find fuller and more helpful than that which is implicit in the performat ive economics literature, but which the latter can undoubtedly help to embellish in a partial fashion. According to this conception, ideas, including economic ideas, must be seen as “both cause and effect,” in the words of Stephen Resnick and Richard Wolff, of the social processes that constitute the political-economic world. A change in ideas impacts on this world, whilst “a changed social totality reacts back upon the thinking process to change it.” As such, the key question for scholars interested, as I am here, in the nature of the role of ideas in history, becomes, in Harvey’s words, the following: “what is it that produces ideas and what is it that these ideas serve to produce?”

Even this, however, is to oversimplify matters somewhat, for it likely draws too firm a distinction between the nature – some would say “ontological status” – of ideas on the one hand and a (“material”) world of non-ideas on the other. Ideas are material, and thus although I argued in the previous paragraph that they exist in a dialectical relationship with social processes, thinking is of course itself one such process, and thus (after Resnick and Wolff, again) is “an active constituent part” of the social totality rather than something external to it. A crucial implication of this, and one which anticipates many of the insights of the economic
performativity shift, is that “a change in thinking is a change in a component process of the social totality”; the thought process contributes to the creation of the object of which it is a part. To the extent, then, that we can speak at all of ideas – economic or otherwise – separately from other social processes, we must try to do so in a more sophisticated and nuanced fashion than we may be accustomed to. Economic ideas and economic “reality” are mutually constitutive to an extent that makes any notion of hierarchical determination unworkable. This, I think, is at least partly what Louis Althusser had in mind when he asserted that ideas are neither “the essence of the economic” (the Hegelian view) nor “pure phenomena of the economic” (the caricature of the Marxian position). Economic “reality” effects things (including ideas), but ideas also have their own “specific effectivity,” and the two are so intimately bound up with one another that we need to conceptualize history ultimately as the “accumulation of effective determinations.”

It is such a view of history I try to work with here. The effective determinations are many, and multi-directional; and so while much of the book is about economic ideas shaping economic geographies of finance and banking, its later sections argue that the worlds thus realized have, to use Resnick and Wolff’s phrase, “reacted back” upon the ideational process.

The economic ideas I discuss in the book, as already indicated, primarily concern perspectives on the productiveness of banking and finance – the productiveness of, that is, the providers of debt, as opposed to the “productivity of debt” per se, to use Janet Roitman’s phrase. Two further points of clarification are in order here. First, the focus is on productiveness, not productivity. The distinction may seem trivial – and often times, just to confuse matters, the word productivity is used to denote what I am referring to here as productiveness – but it is not. Productiveness is an absolute concept in the sense that it is its own referent: is something or someone (economically) productive, or not? Productivity, by contrast, is a relative concept. In relating a quantum of output to a quantum of one or more inputs into the productive process, productivity is, at heart, a measure of the efficiency of production. Productiveness, as we shall see, is a child very much of classical political economy; productivity and efficiency belong more to neoclassical economics. The latter indicators certainly have their own critically important social histories, too, both in terms of how and by whom they have been envisioned and calculated and how and by whom they have been mobilized. But such histories are not the subject of this book, even if they can be usefully read alongside it.

The second vital clarification distinguishes between what we might think of as “direct” and “indirect” productiveness. The question of whether a person, activity or institution is directly productive is a question of whether it or they are productive in and of themselves. Indirect productiveness is more a question of facilitation: does the person, activity or institution in question enable or facilitate productiveness elsewhere in the economy. This book is about the sources and effects of representations of direct productiveness. The distinction is, as we will see, an important one, particularly insofar as some (though certainly not all) of
those who historically have categorized capitalist banking as economically unproductive have simultaneously maintained that, when functioning smoothly, it lubricates economic productiveness more broadly. Adam Smith’s thought, perhaps most notably, exemplifies such a conceptual acceptance of banking’s indirect productiveness alongside a denial of direct productiveness.

If productiveness is its immediate ideational subject matter, throughout the book there lurks, in the background, an even more fundamental economic concept. This concept, I argue, is materially present in all of the ideas, measurements and representations of productiveness that I discuss, even if such presence is sometimes latent and opaque rather than transparent and explicit. This concept is the basic notion of value, and its ubiquity demands a brief upfront consideration of its pertinence.

The question of value is arguably the central and most contentious question in the whole history of economic thought; different economic philosophies can be distinguished from one another to a significant extent by the different theories of value which animate them. Not all such philosophies, it is true, wear their understanding of value on their sleeve. Nevertheless it is always foundational, and hence no economic principle can be properly understood except in relation to the value theory that buttresses it. Gunnar Myrdal, long ago, made the same point about economic policy, stating that “value theory is always implicit in the political results, even where it has not figured explicitly among the premises.” A recurring theme of my book, in turn, is that the same is true of all qualitative or quantitative representations of a person or institution’s economic contribution: since it is ever present, value theory simply cannot be escaped, or at least it should not be escapable. This is most plainly the case where the representation in question concerns our key question of productiveness, since value is ordinarily the object of this alleged quality even where – and perhaps, especially where – it is not specified as such.

With this inescapability in mind, the significance of the changing historical theorization of value is reaffirmed repeatedly in what follows. I show that as value theory changed, so too did not only the representation of banking’s productiveness, but also the very meaning and possibility of such a representation. I also argue that we can much better appreciate what is going on in a “practical” economic valuation calculus such as the national accounts if we think through the relationship of such a calculus to the “theoretical” valuation registers constituted by different economic philosophies. Finally, I suggest that in exploring such relationships, we can learn as much about those economic philosophies themselves – their internal tensions and constraints – as about the techno-political tools which draw upon them.

Meanwhile, my concern with value theory and its generic resonance is one reason why I consciously try to avoid using categories or classifications that make unexamined assumptions about value and its creation. The best example of this is the split so often made between banks’ “core” and more “risky” activities – between, that is, banking’s so-called “utility” and “speculative” or “casino-like” functions. I neither mobilize this split nor, as typically occurs, focus my critique
solely on the latter. Aside from the worry that value is uncritically apportioned in
the process, I resist these two linked tendencies for three further reasons. First,
because said split is another product of exactly the types of boundary envisioning
and placement processes I explore in this book; second, because questioning the
“casino” tends, without justification, to exempt the “bread-and-butter” from
critical analysis; and third, because, with market-making activities and spread-
based revenue generation mechanisms being fundamental to both the utility and
the casino, the two are not in fact as structurally dissimilar as is often presumed
to be the case. The book, therefore, is about “banking,” in more-or-less all its
Western forms. Disaggregation of banking activities into different types is inevita-
bly necessary at various points, but I endeavor to effect such breakdowns on a
coherent, critical, meaningful, and transparent basis.

One other question of distinction is important to address here before I turn
below, in the final section of the introduction, to a summary of the book’s overall
argument and a description of each of its ensuing chapters. This distinction is
between, broadly speaking, banking and “money.” The book, as its title indicates,
is first and foremost about the crossing of boundaries by banks rather than by the
monies they handle. The term “finance,” of course, is frequently deployed with
both meanings, and it is almost inevitable that there is slippage between them in
my account. I have tried, however, to be as consistent as possible, and as a rule
“finance” refers here, unless explicitly stated otherwise, to the institutions and
operations of finance rather than the assets or instruments thereof.

Having said all that, it would be crass to imagine that one can examine the
history of banks’ negotiations of geopolitical borders without also telling at least
part of the convoluted story of money and its territorial geographies, a story
which of course encompasses the materialization and growth of financial markets
of various kinds. One cannot – not least since multinational banks, as Stefano
Battilossi has observed, represent to one degree or another “agents and vehicles of
international capital flows.” As such, the geographical scope and mobility of
money and of other financial assets in their various forms do represent key
elements of this study; they are dealt with extensively and directly, not peripherally
and indirectly. Yet they are not, I repeat, the main focus: I address such issues only
to the extent that it is necessary to do so in order to understand the dynamics
of institutional financial spatiality. After all, as Brian Scott-Quinn reminds us,
“[t]he fact that [financial] markets have become global and integrated does not of
itself imply that the intermediaries which offer services to investors and borrowers
in these markets need operate in more than one country.”

The question remains, however, of why banks and not money capital represent
the book’s primary consideration. There are, again, three main reasons. One I
have already foregrounded: the fact that my initial thinking in regard to the finan-
cial crisis revolved specifically around the conceptualization of the productiveness
of banking and the politics of the geographies of banking. The second reason is
that on my reading, at least, the history of money capital’s geographical peregrina-
tions in general, and its negotiation of inter-state boundaries in particular,
has been more fully told – and certainly more closely tied by researchers to the
development and dissemination of economic ideas – than is the case for financial institutions. And last, but most important of all from my perspective, is a factor relating to the crucial economic concept we have just been dealing with: the concept of value. This last factor requires special attention.

It is my view that the analysis of money in general, and not just of money’s geographical configurations and mobilities, too often fetishizes money as value. But money is not value; one of its functions is to act as a store of value, of course, and another is to serve as a means of payment for items perceived to have some kind of value, but it is not value itself. I have lost count of the number of times that I have read accounts of international finance that invoke the scale and speed of cross-border flows of financial assets of various kinds as if such movements matter sui generis. Yet what surely matters, economically and politically, is how value is redistributed (and, some would argue, created) by means of such flows, and who the beneficiaries of such flows are. It is theoretically possible for large sums of money to flow around the world with no net winners or losers, and in view of this it can never be enough to focus just on the flows themselves. We need to know who gains and who loses, how, where and why, and to this end we need to understand the geographical political economy not only of money but of the banks which create, move, and trade in it; not only of financial markets, but of the banks which construct, feed, and inhabit them. Benjamin Cohen alludes to the vital, sector-specific rationale for this, observing correctly that “with banks, much more is involved than just the issue of capital mobility.” But the imperative is actually, I think, a much more generic one. Our analysis of the contemporary global political-economic conjuncture too often elides the critical questions of value production and distribution through its construction of what Colin Crouch describes as a state-market analytical binary that leaves little or no space for large multinational corporations (including, of course, financial corporations), even though such corporations are the primary locus of profit generation and circulation. My book is therefore written in the conviction that Crouch is right that it is in the “lack of a distinction [between the market and firms] that several of our problems lie.”

The Argument and Structure of the Book

While not exactly born with capital, the idea of someone or something being economically “productive” only became a subject of explicit and sustained reflection with the development and social embedding of market-based capitalism. Much the same is true of what we now think of as banking: money had been lent and borrowed for many centuries, but it was only once markets began to be organized along capitalistic lines that the first instruments of “modern” finance and the first institutions dedicated to the business of money came into being. These two products of capitalist history, meanwhile, did not “meet” – in the sense of opinions being proffered specifically as to the economic productiveness, or not, of banking – until the very end of the seventeenth century. But if such a confluence was thus