

Dodd, Nigel

Article

Note from the editor

economic sociology_the european electronic newsletter

Provided in Cooperation with:

Max Planck Institute for the Study of Societies (MPIfG), Cologne

Suggested Citation: Dodd, Nigel (2011) : Note from the editor, economic sociology_the european electronic newsletter, ISSN 1871-3351, Max Planck Institute for the Study of Societies (MPIfG), Cologne, Vol. 12, Iss. 2, pp. 2-3

This Version is available at:

<https://hdl.handle.net/10419/155964>

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Note from the editor

Dear reader,

Welcome to the first *Newsletter* issue of 2011. This looks like being an important year for the political economy of Europe, during which major decisions are being debated about the future of its core currency, the euro. These debates are taking place amidst a debt crisis which embraces both states and private banks, and which is being experienced especially severely in Ireland, Greece and Spain. Some scholars and commentators have been predicting that the euro will have been fundamentally transformed – reduced in size and more tightly regulated and integrated in fiscal terms – by the time the year ends. Meanwhile, the eurozone's most significant problems – serious imbalances between Germany and other countries, large fiscal deficits in Spain, Greece, Ireland and elsewhere, and the continuing exposure of banks (including those in Germany) to unmanageable losses – show no sign of abating. Should the euro contract or even fail, the consequences will be felt far beyond its member states, indeed they will play a major role in shaping the world's monetary systems for some years to come, not only in relation to the ongoing 'wars' in which major currencies such as the US Dollar and Renminbi are embroiled, but at a local level, too, as people get to grips with the rapidly changing monetary landscape around them.

All of the papers included in this issue of the *Newsletter* have been written by eminent researchers and scholars who are well qualified to address such matters, and I hope you take as much from reading their articles as I have done. I am extremely grateful to the authors, all of whom have taken time from busy schedules to write pieces especially for the *Newsletter*. And, as always, I am in debt to Christina Glasmacher, whose unfailing good humour and efficiency make the editor's job much easier and more pleasurable than it would otherwise be.

The first paper of the issue is by Keith Hart, previously interviewed by Patrik Aspers for the November 2007 issue of this *Newsletter*. Hart's work came to prominence for his invention of the idea of the 'informal economy'. For some years now – for example, through his classic article *Heads or Tails? Two Sides of the Coin* (Man, 1986) and his highly-engaging *Money in an Unequal World* (2000) – Keith has been exploring money in a distinctive way that does not

deny its 'acidic' qualities but seeks to redress an imbalance in our conception of modern, nation-state money by emphasising its potential to empower individuals and reconfigure our communities through what he calls its 'socially redemptive qualities'. In the essay published here, Hart continues in this vein by making out a vibrant and articulate case for a more nuanced approach to money in which, partly as a response to the fact that during this latest financial crisis states' "capacity to print new money has been almost exhausted," our monetary systems are reorganized – globally – in ways that bring benefit rather than harm to the social organization of the economy.

Brigitte Young has written extensively on the political economy of Europe, in addition to her work on themes such as gender, risk and globalization, and here she looks directly at the euro crisis. Whereas Hart boldly states that he 'would not wish to return to currency controls and state-managed money', Young grapples with the future of a euro in which such controls have been placed under severe questioning since its (so-called) sovereign debt crisis began towards the end of 2009. According to Young's clearly-argued analysis, the euro zone seems to be confronting a situation in which there is a genuine prospect that two hitherto distinctive and conflicting systems of policy-making – a rules-based German model with its independent central bank, as against a French model (*gouvernement économique*) in which monetary policy is more deeply embedded in political institutions – may be coming closer together through the development of much-needed reform proposals, the 'Pact for Competitiveness'. This could be a new dawn for the euro, Young suggests, in which what is novel is that 'Germany is no longer outright rejecting economic and fiscal governance at the eurolevel'.

Christoph Deutschmann has been working on money for well over two decades, for example, through his *Die gesellschaftliche Macht des Geldes* (2002). In this highly thoughtful piece, he argues that any thorough-going solution to (rather than temporary fix for) the euro's current predicament needs to get to grips with two independent but related problem complexes: the first relates to the global financial crisis, whereby eurozone member-states appear to have been especially hard-hit by the way that the financial industry 'has managed to externalize her own problem and to transform it into a problem of the states',

while the second arises from more familiar problems of political co-ordination within the eurozone itself. Deutschman shows how these problems have been interacting in Greece and Ireland, but argues that all recommendations for greater policy and fiscal integration in the eurozone will be ineffective unless its outstanding debt problems are dealt with, and this requires a form of 'austerity' on the part of private creditors, not just states and their citizens: they 'must be brought to renounce a part of their claims'.

Peter North will be well-known to most readers for his work on local and community currencies, particularly through his excellent *Money and Liberation* (2007). Here he turns his attention to the difficulties facing the euro and asks whether these might unwittingly give birth to a new politics of money. As North points out, arguments on the political Left traditionally tend to be indifferent to money itself, focusing primarily on relations between workers and employers, or between the states and citizens during economic crises. In an intriguing analysis of various options confronting the crisis-hit eurozone states, North draws attention to the experience of Argentina and envisages a future in which countries with strong regional institutions, independent of the state, take responsibility for money issuance and produce their own currencies which supplement, rather than replace, the euro.

Such local, 'grassroots' approaches to the euro crisis obviously rest upon the engagement of people in the man-

agement of money on a more local level and in a more proactive way than may hitherto have been the case. It is striking that one of the main responses to national regulators to the financial crisis – including the UK's Financial Services Authority through its *Turner Review* (March 2009) – has been to recommend stepping up programmes to 'educate' consumers and encourage greater levels of financial capability and awareness of risk. But what exactly would this entail: savers and borrowers who are more cautious, more rational – more like the *homo economicus* that sociologists have long argued is unrealistic? Olga Kuzina's paper considers exactly this problem, drawing on her work on financial 'literacy' among Russians to show how complex the concept is, and how difficult levels of financial literacy or capability are to measure. Is financial literacy simply a question of how much we know, or does it also embrace questions of attitude and belief? And if it is the latter, what practical ways forward might there be from this crisis that promise the 'monetary redemption' that Hart called for at the beginning of this issue? These are key questions, it seems to me, which must be tackled alongside the broader-based issues that will be preoccupying policy-makers as this fascinating year unfolds.

Nigel Dodd
n.b.dodd@lse.ac.uk