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Article

Note from the editor

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Note from the editor

Dear reader,

Welcome to the latest issue of the *European Economic Sociology Electronic Newsletter*. The first article of this issue, by Bill Maurer, continues the series of pieces we have been carrying this year – by Ryan-Collins, North and Hart – on the diversification of money. Bill addresses something of a hot topic, Bitcoin, whose value has been soaring so much recently that it seems eminently reasonable to be talking of a bubble. He uses the phrase *money nutters* to refer to the frenetic activity and eccentricity that sometimes characterizes the development of alternative currencies. “It is a crazy time for money”, he writes. Bill’s dazzling piece is particularly interesting for the comparison he makes between *Really Really Free Day* and Bitcoin: both projects are informed by the belief that the era of government fiat money is coming to an end, although “end of the worldism” has a different hue in each case. Maurer also considers related developments – mobile payment services like Google Wallet and Square Card Case, and M-PESA in the global South – in which it is the “profitability” of payment services that is the driving force behind supposedly “utopian” monetary developments bringing an end to the “evil” of government debt and fractional reserve banking. These developments might not be quite as positive as some of their advocates are claiming. Maurer poses an interesting question: whether we can coherently “defend the virtue of a public payments infrastructure” without necessarily retaining the flawed system of central banking and national capitalism whose prospective demise so inspires the *money nutters*.

Our next three pieces deal with the fundamental question of *time* in economic life, economic theory and economic history. The first, by Elena Esposito, addresses a challenge that has emerged from the financial crisis for regulatory authorities due to their failure to come to terms with open-ended monetary and financial futures. In her work more generally, Esposito uses the ideas of Luhmann to theorize the relationship between money and time. The argument she makes here is that the financial system is characterized by a feedback loop whereby risk models that were designed to take account of *all possible futures* were actually unable to take into account the impact of their own presence within those futures. This, argues Esposito, is the inherent circularity that was at the root of the financial

crisis, which was in this respect a *crisis of the future*. Esposito argues that we need to develop systems that can learn to expect surprises. She describes these systems in Luhmann’s terms as “techniques without defuturization, aiming ... at multiplying possibilities and observing them” rather than simply trying to control them.

The article by Gustav Peebles tackles another issue of profound interest to economic sociologists as they deal with models of the future, namely the problem of time scarcity. Peebles offers a fascinating insight into this problem by considering Adam Smith’s *Theory of Moral Sentiments*. This contains the argument, which Peebles also finds in Locke, that there is no such thing as natural scarcity. Rather, “scarcity is created by mankind in order to achieve very particular and cohesive social goals.” As Peebles shows, Smith’s key insight was that socially produced scarcity is the origin of morality itself. Smith realised, however, that the one key exception to this rule is *time* – which, although abundant for society as a whole, is naturally scarce for individuals. Peebles’s argument looks at the conflict of interest that this distinction inevitably implies: between the collective and the individual when it comes to the valuation of time. While it is in the collective interest to undersell time, it is in the interest of individuals to value time more highly – a fact they invariably come to appreciate only when it is too late. Peebles ends with the suggestion that we should find a fair price for time, one that brings the collective and individual interest closer together. It is a provocative idea with some fascinating implications.

Time is a central issue, too, in our fourth piece, by Amin Samman. Whereas Esposito, as we have seen, characterizes the financial crisis as a crisis of the future, Samman invites us to think through “how the past has come to acquire such a strange presence during the crisis of 2008”. As Samman points out, while orthodox economic theory tends to exclude time from its deliberations, the study of economic history has increasingly involved the use of cliometric methods which tend to exclude precisely those elements, such as the unfolding of narrative and plot, that should be integral to the analysis of economic events in historical time. Samman’s central argument is that only by bringing *meta-history* into crisis theory can these deficits be addressed – and this means not only analysing previous

crises but the intersubjective constitution of such crises themselves as historical events from which we can learn.

Our final three articles return to a theme that has been dealt with in every issue of the *Newsletter* this year, the Eurozone crisis. Previously, we carried articles on role of the media making the crisis worse (Juko), the problem of collective interests and the sociological case for issuing Eurobonds (Dodd/Lenhard), the implications of the crisis for economic governance (Young), its roots in distinctive forms of debt (Deutschmann) and broader connections between this particular crisis and the emergence of new forms of money (Hart, North). For this issue, I asked authors based in three countries whose citizens have been at the sharp end of the crisis so far – Ireland, Portugal and Greece – to reflect on its causes, trajectory and possible outcomes. As a result, we have three up-to-the-minute, tightly-argued and insightful pieces which I am sure will attract a great deal of comment.

Niamh Hardiman's article tells the story of pressures that have been building up in Ireland for quite some time. As she points out, the key problems began with private debt: "It was the private rather than the public sector that engaged in a surge of borrowing in the wake of the low interest rate regime instituted by the Euro." This was not so much a problem of using over-sophisticated financial instruments that misconstrued risk, as a *plain vanilla* problem of exuberant lenders getting sucked into a bubble. But the key issues raised by Hardiman relate to the austerity measures that have been put in place to deal with the aftermath of the bubble, namely the huge public deficit that was accrued when those lenders had to be rescued. As she points out, the problem here is political, because the Eurozone lacks the architecture of decision-making, contestation and negotiation that appears to be required in order for necessary compromises and accommodations to be made. Without this, Ireland's new *politics of austerity* are unlikely to be sustainable.

In their analysis of the crisis in Portugal, Graça, Lopes and Marques take a similarly historical view – and like Hardiman, suggest that the problems we have been witnessing in the Eurozone of late are rooted in events that occurred just after the currency was launched. They also emphasize the specific conditions underlying Portugal's entry into the Eurozone which shaped its membership ever since. They suggest that the ideological case was always more persuasive than the economic one, indeed the Portuguese public lacked any detailed understanding of how the Eurozone

would actually operate. In economic terms, the expectation that the lowering of interest rates made possible by Eurozone membership would encourage growth did not come to fruition: they encouraged higher levels of borrowing instead. Indeed the economic performance of Portugal was poor in the early years of Eurozone membership, contributing to the major structural imbalances that have been sharply exposed – and made progressively worse – as the current crisis has unfolded. Listing the austerity measures now being imposed on to Portugal, the authors suggest that there is a real danger that the patient will be killed by the treatment that has been prescribed. None of the three most likely alternatives to such deep austerity measures – greater integration, higher transfers, or simply exit – seems especially attractive. But what these authors see as the most sensible way forward – renegotiating the debt burden to allow time for smoother adjustment – also seems unlikely as creditors continue to be protected at the expense of "the sacrificed populations of the Eurozone periphery".

Whereas the problems in Ireland and Portugal have focused on the build-up of private debt (household and corporate, respectively), in Greece the situation fully justifies the description usually applied to the euro crisis as a whole: it took shape as a sovereign debt crisis from the very beginning. As Sokratis Koniordos shows in his paper, in order to uncover the roots of this crisis we need to probe deep inside the specificities of Greek society and politics, for example its *clientist* system of bartering for political favour, which account for Greece's severely damaged fiscal position. Koniordos argues that "an *us* and *them* logic and practice permeates all aspects of socio-economic life in which the state is involved". When seen together with a civil society that he describes as a *partitocracy* and a strong informal economy, it is possible to understand what has happened in Greece since the crisis began. Wealth has been shipped out of the country (to the tune of an estimated EUR 50 billion), the informal economy continues to operate, leaving employees within the public sector and large private sector organizations (alongside pensioners) as those whose working and paying conditions are sufficiently transparent to be "milked" in the name of the neo-liberal austerity measures being imposed by the IMF/EU/ECB *troika*. Given the general perception that politicians are "massively corrupt", it is hardly surprising that their "patriotic calls" for sacrifices to be made by this group of workers and pensioners are falling on deaf ears. As for the future, Koniordos's conclusion is clear: "either the neo-liberal markets decline or the country does".

It leaves me to thank everyone who has been involved in this issue, as well as those who have contributed to the *Newsletter* during such a fascinating year. We have commissioned and published twenty articles in total, and I am extremely grateful to our many authors for taking time out from their busy schedules to write especially for this publication, and for submitting pieces that have unfailingly addressed themselves to the issues and problems of the day. This is exactly what I believe the *Newsletter*, offering rapid turnaround to authors and free access to readers, ought to be doing. I would like to offer special thanks once

again to Christina Glasmacher, who works tirelessly behind the scenes, keeping the *Newsletter* in good shape and ensuring that its publication happens on time – and for doing so with such unfailing patience, enthusiasm and good humour. The editorship now moves on to Vadim Radaev of the Higher School of Economics in Moscow. I look forward to reading the *Newsletter* during his year at the helm.

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