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The Empirics of Finance: Comments on Mollan (2021) and Geloso and Glock (2021) in this volume

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Simon Mollan's article in this volume reviews two texts, whose common thread is the work of Youssef Cassis, a prominent financial historian. The broader goal is to study the developments in research on "the role of finance in society" in a relatively new field called "the social studies of finance" or the "critical studies of finance" (Mollan 2021, 188-189). As Mollan suggests, the creation of a field necessitates a discussion of its formation, which also offers an opportunity for reflection about its parameters, precedents, methods, questions, and origins. Though his focus is well understood given Cassis's work and reputation, one senses that a more detailed analysis of the field's formation is implied in the broader literature cited in the article's footnotes. There are several reasons why bringing that discussion forward would add to the article and its study of financialization. The most pressing is that the historiography cited indicates precedents that predate the Global Financial Crisis, which has been presented as the catalyst for the emergence and growth of the field (ibid, 195). Another is that it would offer an opportunity to further historicize the narrative presented by financialization, defined by the author as "the process whereby financial interests become primary in organizational decision-making, organizational structures, structurally dominant in economy and society more generally" (ibid, 189).

The story that the Crisis has been a generative force for the study of finance is not confined to the social studies of finance. In 2019, Marc Flandreau wrote in the inaugural issue of *Capitalism: A Journal of History and Economics* that the financial crisis "succeeded in inspiring the formation of a new school of thought in American history, known as the 'New History of Capitalism' " (Flandreau 2019, 1). During the last decade, this school has developed into a subfield referred to as capitalism studies with a journal, conferences, workshops, centers, fellowships, faculty positions, and book series.[1] Mollan points to the development of

[1] See, for example, the New School's Robert L. Heilbroner Center for Capitalism Studies, https://capitalismstudies.org/; Columbia Studies in the History of U.S. Capitalism, https://cup.columbia.edu/hoc; University of North Carolina at Charlotte, History Postdoctoral Fellow in Capitalism Studies, https://asalh.org/university-of-north-carolina-at-charlotte-history-postdoctoral-fellow-in-capitalism-studies/; Johns Hopkins University Seminar on the History of American Capitalism, https://sites.krieger.jhu.edu/iae/working-papers/american-capitalism/; The Newberry Seminar in the

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critical finance studies' own institutional resources. When *Finance and Society* was inaugurated in 2015, its editors and an editorial board member, Amin Samman, Nathan Coombs, and Angus Cameron, stated that the journal would provide a venue for "generating new insights into how money and finance organize social life" (Samman, Coombs and Cameron 2015, 1). But as studies have emerged across multiple fields from economics, accounting, literary criticism, history, political economy, sociology, science and technology studies, and anthropology, Samman et al argued they have also revealed, "the persistence of disciplinary divides and imperatives" (ibid, 1-2).[2]

Conflicts have not been confined to the social studies of finance. Eric Hilt has also written about the disciplinary divide between economic historians and historians of capitalism with the hope that research could "create opportunities for cross-pollination, if not collaboration" (Hilt 2017, 511-512). Like Hilt, Mollan emphasizes the continuities of the studies of financial history, stating, for example, that "much of the research presented in *Financial Elites and European Banking* reconnects with and advances decades old research in financial history that, itself, inhabited a critical and/or sociological space" (Mollan 2021, 200). Recently when Barry Eichengreen surveyed the literature "on the development of financial markets in the United States," he also emphasized the dialogue between different fields. He wrote that "the 'new economic historians' who reside in economics departments" and the "'new historians of capitalism' whose disciplinary home is history" are "natural allies." Though their methods differed, he stated, "Both are concerned to understand how the response of individuals to the economic problems that they confront is shaped by a particular historical setting" (Eichengreen 2019, 20-23).

Vincent Geloso and Judge Glock's historiographical essay in this volume also notes how the recent controversy between history and economics has been "magnified" by the "rise of the 'New History of Capitalism.'" More explicitly than others, they outline what they see as the various strengths and weaknesses of each field, writing of the "blistering critiques" and "disparagements" as well as the "lamentable" outcomes "when either field tries to provide answers which their methodologies are not capable of giving them" (Geloso and Glock 2021, 207). But they also encourage a collaboration saying that historians and economists can "assist each other in their work" and that the tradition of collaboration, of which Hilt has written, "could, and should, be renewed" (ibid, 216). They imply that both sides have to want to "learn from each other," and in order to do so, the different fields must recognize the limits of their "different methodologies" in answering "different types of questions" (ibid, 207).

There is a broad agreement in the literature that the friction between the fields centers around differences in methods, especially the use of quantitative methods and cliometrics. Geloso and Glock, like Hilt, suggest that the barriers to entry in terms of academic training are great (ibid, 212, 215). For his part, Flandreau has argued that the idea "that the 'technical' nature of economics constitutes some kind of impassable roadblock … is neither helpful nor in fact credible" (Flandreau 2019, 4). Flandreau stated that the "process of contestation" is desirable, "part of the vibrancy of economic history." He writes, "In fact, it is economic history or it *is* how economic history is 'made.'" *Capitalism*, he says, "is a journal born out of scholarly disagreement … whose primary mission will be to keep disagreement alive" (ibid; Italics in the original). Mollan also strikes that tone stating that "continued engagement" should be seen as "necessary and to be encouraged" (Mollan 2021, 200). This engagement seems to be what is referred to as "post-disciplinary." Like Samman et al's introductory essay for *Finance and Society*, which was titled, "For a post-disciplinary study of finance and society," Flandreau's

History of Capitalism; https://www.newberry.org/newberry-seminar-history-capitalism; Cornell University ILR School History of Capitalism Summer Camp, http://hoc.ilr.cornell.edu/summer-camp (November 6, 2020).

[2] See also Karin Knorr Cetina and Alex Preda (2014).

essay in the inaugural issue of *Capitalism* presents it as "a post-disciplinary journal" (Flandreau 2019, 6-8).

The call for a post-disciplinary discourse is complicated by the suggestion that the lines have already been blurred. This is not just because the fields have interdisciplinary precedents, as Hilt has argued is the case for economic history, or because the diversity of actors writing about finance has changed and now includes "a wider array of theorists and activists, playwrights, novelists and artists." It is also because, as Samman et al noted, "the parameters of the new finance studies" seem to be "ambiguous," and "by design" (Samman et al 2015, 1-2). Again, this does not refer only to critical finance studies. Hilt has commented on the lack of definition in the emerging field of capitalism studies. In his review of ten books in the new histories of capitalism, Hilt found that none defined "what is meant by capitalism" (Hilt 2017, 512). Eichengreen has also written, "The traditional way of starting an essay on the history of capitalism is by not defining the term. The practice is regrettable …." (Eichengreen 2019, 20-21).

When definitions are unclear, one should consider what a field's objects of study are and how they have changed over time. Mollan's review of *Private Banking in Europe* by Cassis and Philip Cottrell identifies key topics in the study of finance, such as elites, ties to the state, and institutions like private banks, acceptance houses, the discount market, and geographic spaces like the City of London (Mollan 2021, 193). These and other studies point to how finance is distinct from economics, which is a broader term that refers to all resources like goods and services, how they are produced, distributed and consumed. More specific definitions of finance might distinguish between debt or equity finance,[3] or highlight the products, models, ratios, and technologies identified with finance.[4]

In its most basic form, finance can refer to the ways in which money and credit are acquired, used, circulated, negotiated, coordinated, controlled, or managed. The practices of finance include underwriting, lending money, issuing of shares, and marketing of securities, but they can also refer to the informal networks in which money and credit, for example, are exchanged. There are numerous actors over time, who can be counted as financial subjects—including institutions like governments, banks, credit associations, cooperatives, insurance companies, exchanges, and markets as well as the people within them like bankers, factors, traders, merchants, brokers, interlocking directors, ordinary people, and households. What this means is that the ways in which the actors have changed and the definition of what constitutes finance is an essential part of the story of its role in society.

The emergence of new fields of study offers an opportunity to study this change by revisiting the assumptions of what it means to study finance. Mollan cites work that has engaged with these questions. Consider what this literature has had to say about the history of finance as distinct from financialization. Costas Lapavitsas has argued, for example, that "financialization is one of the more innovative ideas to come out of radical political economy in recent years," but he also stated "there is no generally agreed definition, or even understanding, of financialization" (Lapavitsas 2011, 611). This ambiguity suggests that the object of study in financialization is not necessarily the empirics of finance but the story of its ascendance, an argument that others have also made.

In 2014, expanding on his presidential address for Business History Conference, Per Hansen offered a compelling take on financialization, which considered the changing role of finance between 1850 and 2014 and emphasized the role that narratives have played in

[3] Thanks to Jason Hecht for making this point.

[4] Costas Lapavitsas, for example, provides a theoretical analysis of financialization in the context of "classical Marxist political economy" and sees it as "a systematic transformation of mature capitalist economies" by studying bank loans by non-financial corporations, bank lending to households, and debt and asset holdings of households (Lapavitsas 2011, 611).

enabling "the power of finance." He wrote, "… financialization is not given by God or by nature, it is a cultural process where we come to increasingly see the world in financial terms" (Hansen 2014, 628). A similar argument could be found in Hilt's assessment of the field of capitalism studies. Hilt argued, for example, that "capitalism itself is not actually the subject of their analysis. Instead, these works present a critical analysis of economic development in the context of capitalist institutions." He wrote that the subject of the new subfield was actually the critical social analysis itself (Hilt 2017, 512). As these and other articles suggests, the study of finance is not just an analysis of the empirics of finance but a mirror into ourselves and how we understand the significance of the work that we undertake.

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