

GEOGRAPHICAL REVIEW

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BANKING ACROSS BOUNDARIES: Placing Finance in Capitalism. By BRETT CHRISTOPHERS. xi and 290 pp.; ill., index. West Sussex, UK: Wiley-Blackwell, 2013. \$72.99 (cloth), ISBN 9781444338294; \$28.19 (paper), ISBN 9781444338287.

Like much other recent work in economy geography, Brett Christophers' new book, *Banking Across Boundaries: Placing Finance in Capitalism*, grew from an effort to understand the financial crisis that began in 2007. Yet the result, part of the *Antipode* book series, is something far more ambitious and enduring: Christophers' enquiry has led to a rigorous, detailed monograph analyzing the role of banks and finance in the historical geographies of capitalism. Indeed, we hear about the recent financial crisis only briefly in an introduction and afterword to the volume. The bulk of the book carefully examines financial institutions, in theory and practice, from the mercantilist roots of capitalism, through the twentieth century, and up to the crucial reformulations and interventions of the Keynesian and neoliberal eras in particular. And it focuses not on alleged outbreaks of especially "risky" or "speculative" behavior by banks, but rather on their central, defining operations.

Christophers focuses in particular on two key questions regarding banks and banking over time and space: are they regarded as economically "productive," and what are the geographies of their operations, especially across national borders? His central thesis is that the answers to the two questions are profoundly and increasingly linked. Whether or not banks are regarded as economically productive affects whether and how they end up operating internationally, and vice versa. Crucially, Christophers' objective is not to determine whether or not banks *are* productive, but rather to explore the dialectical relationship between shifting conceptualizations and material geographies of banking and finance. His focus is on banks and banking. Throughout the volume, Christophers distinguishes between financial capital itself—capital assets and instruments—and the institutions and operations of finance, most notably banks, the various activities they undertake, and rules governing such organizations and their conduct. While the two categories are enmeshed in practice, they are far from identical, and Christophers argues that conflating them under the general label of "finance" has led to myriad analytical and political errors.

Banking Across Boundaries develops these arguments in three sections, each of which examines, in two chapters, a major historical period defined by how banks were conceptualized and how they operated. The first section, "Worlds Apart," reviews how finance was thought about and organized in (mainly)

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Western Europe from the pre-Christian era up to the Great Depression of the 1930s. While this may seem an improbably long schematic period, Christophers contends that throughout it, the dominant view that banking and finance were not economically productive, and were probably even parasitic, had relatively little real effect on the easy internationalism of financial flows and organization. Thus, his conceptual and material questions about finance can be treated largely separately here. Chapter 1, then, provides an impressively comprehensive and synthetic account of the history of thought regarding banking from premodern sources, through classical political economy, and up to the early decades of neoclassical economics. The central point is that classical political economy, starting with Adam Smith, formally categorized banks and finance more generally as economically unproductive (not generative of new value), but dropped the earlier normative condemnation of finance. Neoclassical economics formally jettisoned the categories of productive and unproductive, claiming instead that if someone bought a good or service, it evidently had utility and therefore value. Chapter 2 turns to banks and finance themselves, reviewing their structural and geographic evolution as capitalism developed and making the familiar point that highly internationalized financial flows are the rule rather than the exception in that history. Christophers' new contribution here is the argument that the highly international system of banking and finance that existed prior to the Great Depression was for the most part *not* developed because of, or justified by, economic theory—it was simply how things were.

The second section, “Worlds Aligned,” looks at how ideas and practices regarding banking and finance came to interact much more closely from the 1930s through the mid-1970s. Ideas regarding banks' (non)productiveness began to directly affect the spatial configurations of banks, and banks' spatial practices, in turn, began to reshape those ideas. The development of national accounting—the statistical data and calculations underlying artifacts such as GDP and balances of trade—was a key terrain of such alignment and influence. The familiar story of the onset of the Great Depression, the collapse of the international economy, and the retreat into protectionist, relatively separate “national” economies sets the stage here. With the collapse of the gold standard, capital controls, depression, and war, finance and banking became largely domestic enterprises. National accounting became a vital practice for nations eager to maximize economic growth, pay for war, and rebuild in the 1930s and 1940s, and the distinction between “productive” and “unproductive” economic activities re-emerged and came to occupy a central and contested, yet often little-known, place in its calculations. How to categorize banking (especially its intermediary services), which many regarded as self-evidently unproductive yet which had enormous revenue streams, in these calculations was a major problem over these decades, treated differently in different places. Chapter 3 details how the U.K. and France categorized banks as unproductive in their

national accounts, while their banks became and remained domestically constrained and oriented. Chapter 4 contrasts the case of the United States, where the national accounts categorized banks as undeniably productive, and American banks emerged as the earliest and most aggressive recolonizers of international markets in the immediate postwar period. These American banks were searching for markets, capital, and, crucially, spaces of minimal regulation. Christophers' argument is that while these conceptual and material aspects of finance did not directly cause one another, their complementarities were more than coincidental. Indeed, excavating and deconstructing the multiple, contradictory, and often self-evidently incoherent and ideological ways the "productiveness" of banking is handled in national accounts is perhaps the primary empirical contribution of *Banking Across Boundaries*. Here, suffice it to say that many work backwards from the conviction that finance *must* be extremely economically productive, and invent (they say "impute") whatever numbers are required to demonstrate that productiveness. Such methods became the standard ones by the 1970s.

The third section of the book, "Co-Constituted Worlds," takes us from the mid-1970s to the present. It again explores how ideas and material geographies of banking and finance evolved during this period, and argues that the two became more tightly linked than ever before. This section also provides a fresh and quite skeptical analysis of the common belief—held by proponents and critics alike—that the global economy, and the economies of many of the wealthiest countries in particular, became "financialized" during this period. As internationalizing banks began to encounter resistance to their continued expansion in the mid-1970s—barriers to entry, capital controls, and the like—they began a war of ideas to overcome it. Their central strategy was to have banks' access to international markets redefined as a trade issue, one that could and should be addressed by the organizations and institutions committed to trade liberalization (for example, the OECD Trade Commission and the GATT/WTO). Such a strategy had to make the cases that trade theory and policy should apply to services as well as goods, and that banking was itself a service (the irony of the core argument that "assumption of risk" was the essential service banks provided needs no explication at this point). Neither position was obvious or especially consistent with dominant economic theory, and so much of chapter 5 traces the efforts by major American banks and other financial institutions to frame and win this battle of ideas, in large part by enrolling and shifting academic economic theory. The fact that this battle was largely won is no small part of the story of neoliberalism. Over these decades, mainstream economic theory and nearly every country's national accounts came to categorize banking as economically productive, and many other countries' banks also aggressively internationalized. Chapter 6 analyzes the consequences of these changes, arguing that the huge profits of the financial sector in many core countries, which have been widely read as evidence of

structural shifts in economies and altered dynamics of accumulation (that is, “financialization”), were in fact simply results of financial-sector firms having colonized large new markets around the globe and repatriated the profits, and of some highly dubious and creative accounting practices that dramatically overstated their contributions to national economies. In a final irony, though, the very success of the campaign to redefine banking and finance as productive blinded many analysts to this reality, leading them instead to accept at face value inflated estimates of the financial sector’s contribution to national economies, and to then try to account for that proportional growth by developing theories of “financialization.”

Banking Across Boundaries is a theoretically precise and empirically meticulous work of political economy that grapples seriously with the large-scale spatial patterns and dynamics of capitalist development and adds to our knowledge and understanding of them. It belongs on the shelf with works such as Harvey’s *Limits to Capital* (1982), Henderson’s *California and the Fictions of Capital* (1998), and Arrighi’s *The Long Twentieth Century* (1994). The fact that Christophers is able to make such a contribution in a relatively concise work speaks to several strengths of *Banking Across Boundaries*. First, it is fantastically lucid and linear: for such an ambitious and wide-ranging work, it is always clear exactly what is being argued and how it fits into the larger project. Second, it deploys an authoritative and current command of the literature in economic geography and related fields, engaging debates regarding not only financialization, but the performativity of economics, the “varieties of capitalism” school, and more. Third, though, and unlike much current economic geography, Christophers displays an equal mastery of current neoclassical economic theory and practice, such that he is able to engage in detail with dominant theories and practices of banking and its valuation. That brings us to perhaps the greatest strength of the volume: in the tradition of the best science studies, Christophers has a deep understanding of this field of practice, and he makes his theoretical argument through extremely fine-grained empirical examinations of how national accounts are actually calculated and justified; how internationalized financial firms handle the geographic allocation and reporting of profits; and how leading banks and other financial firms lobby for specific policies or interpretations. *Banking Across Boundaries* should be read not just by economic geographers, political economists, or those concerned with the financial crisis, but by anyone who wants to understand key aspects of the “global” economy.

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