

# Beyond economism in international political economy

MARIEKE DE GOEDE\*

**Abstract.** This article argues that the study of international political economy (IPE) in general, and the analysis of modern finance in particular, have much to gain from the insights articulated in poststructuralist international relations. In contrast to recent critiques of poststructuralism, this article argues that the study of international finance necessitates a consideration of the discursive practices which bring capitalist concepts such as money, profit and capital into being. Financial practices do not exist prior to, or independently from, ideas and beliefs about them. Thus, IPE should recognise the production of economic and financial knowledge as an important site where power is exercised.

In recent years poststructuralist work has become increasingly significant within the study of International Relations (IR).<sup>1</sup> Poststructuralist scholars have critically questioned the discipline's core concepts including the state, rational man and the separation between the domestic and the international spheres. Although this approach has been greatly contested, poststructuralists have attempted to open the discipline of IR to broader concerns than its traditional focus on state/state and state/market interaction, by paying attention to, amongst other things, the cultural representation of political practices and the politics of everyday life.

However, there is one area in IR in which remarkably little poststructuralist intervention has taken place. Despite its important critical tradition, the study of International Political Economy (IPE) has yet to address some of the questions raised in poststructuralism. Questioning of the core concepts of IR and critical reflection on the state/market dichotomy have been two of the main preoccupations of a developing body of literature which may be called 'critical IPE'.<sup>2</sup> This literature

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<sup>1</sup> Overviews of poststructuralist IR can be found in, for example, James DerDerian and Michael J. Shapiro (eds.), *International/Intertextual Relations: Postmodern Readings of World Politics* (Lexington MA: Lexington Books, 1989); Michael J. Shapiro and Hayward R. Alker (eds.), *Challenging Boundaries: Global Flows, Territorial Identities* (Minneapolis, MN: University of Minnesota Press, 1996); Jim George, *Discourses of Global Politics: A Critical (Re)Introduction to International Relations* (Boulder, CO: Lynne Rienner, 1994); and the 1990 special issue of *International Studies Quarterly*, 34.

<sup>2</sup> Critical IPE literature includes, for example, Stephen Gill and David Law, *The Global Political Economy* (Baltimore, MD: John Hopkins University Press, 1988); Craig Murphy and Roger Tooze (eds.), *The New International Political Economy* (Boulder, CO: Lynne Rienner, 1991); and Martin Hewson and Timothy J. Sinclair (eds.), *Approaches to Global Governance Theory* (New York: State University of New York Press, 1999).

has done much to question traditional separations between politics and economics, and to broaden the field of study of IPE. At the same time, critical IPE has not yet examined how the politics of representation and practices of discourse analysis have a bearing on its field of study. Many authors still take the economic and financial domains as unproblematic or material starting points to their enquiries, and fail to enquire how financial knowledge, including statistics and indices, has been historically developed. Much of IPE thus remains wedded to a profound separation between the realm of the ideal and the realm of the real, whereby the politics of representation are seen to have a bearing only on the former domain, leaving the latter intact as an incontestable reality. In this article, I will use the label 'economism' for IPE approaches which assume such a prediscursive economic materiality.

IPE's resistance to poststructuralist interventions is illustrated by a recent article by Mark Laffey,<sup>3</sup> who argues that poststructuralist theory in general, and the work of David Campbell in particular, have little to offer those studying socioeconomic relations and the workings of modern capital. Campbell's theoretical focus on identity and the discursive networks through which modern subject-positions are made possible, argues Laffey, 'obscures the systematic nature of global capitalism and replicates a liberal notion of global capitalism as economic relations (that is, economic 'networks')'.<sup>4</sup> Through assuming that 'signification is the logic of the social', Laffey continues, Campbell forecloses an analysis of the 'social context of . . . representation'.<sup>5</sup> In other words, the focus on identity and discourse in post-structuralist work, according to Laffey's arguments, ignores the empirical context and consequences of 'the internationalisation of capital', through which 'particular subjects are differentially empowered in relation to one another'.<sup>6</sup> As a result, Laffey concludes, 'Campbell's work erases both capital and labour and reinscribes conventional distinctions between politics and economics'.<sup>7</sup>

However, it is only by maintaining the dichotomy between the ideal and the real (or representation and its 'social context'), rejected by Campbell, that Laffey can dismiss poststructuralism in this manner. Apparently, Laffey perceives capital and labour as existing prior to, and independently from, identity and discourse, as to him Campbell's consideration of the latter (discourse) occurs at the expense of the former (capital and labour). A closer reading of Campbell's work, however, would demonstrate that he arrives at a careful consideration of social relations through studying the politics of representation, and by rejecting the view that 'the world comprises material objects whose existence is independent of ideas or beliefs about them', in favour of 'considering the manifest political consequences of adopting one mode of representation over another'.<sup>8</sup> This position entails a problematisation of

<sup>3</sup> Not all work within IPE is as resistant to poststructuralism as Laffey is. Two notable exceptions are: Timothy J. Sinclair, 'Synchronic Global Governance and the International Political Economy of the Commonplace', in Hewson and Sinclair (eds.) *Approaches to Global Governance Theory*; and Ronen Palan, 'The Constructivist Underpinnings of the New International Political Economy', in Ronen Palan (ed.), *Global Political Economy: Contemporary Theories* (London: Routledge, 2000).

<sup>4</sup> Mark Laffey, 'Locating Identity: Performativity, Foreign Policy and State Action', *Review of International Studies*, 26 (2000), p. 439.

<sup>5</sup> *Ibid.*, pp. 439 and 443.

<sup>6</sup> *Ibid.*, pp. 435 and 441.

<sup>7</sup> *Ibid.*, p. 444.

<sup>8</sup> David Campbell, *Politics without Principle: Sovereignty, Ethics, and the Narratives of the Gulf War* (Boulder, CO: Lynne Rienner, 1993), pp. 7–8.

the ideal/material distinction, which recognises a distinction between ‘linguistic and non-linguistic phenomena’, while emphasising that there is ‘no way of bringing into being and comprehending non-linguistic phenomena except through discursive practices’.<sup>9</sup> Thus understood, practices of capital and labour are shaped, regulated and *brought into being* through historically grounded discourses of money and work.

In contrast to Laffey, then, I will argue that political economy in general, and the analysis of modern capital in particular, have much to gain from the insights articulated in a body of work which may broadly be called poststructuralism. I will argue that closer scrutiny of modern finance necessitates a consideration of the discursive practices which bring capitalist concepts such as money, profit and capital into being. Financial practices do not exist prior to, or independently from, ideas and beliefs about them, a point powerfully illustrated by the social and discursive nature of money and credit. Money, whether in the form of coin, paper, stock or electronic transfers, takes on value only through a social and discursive network which underpins the expectation that the monetary instrument retains its value over time and space.<sup>10</sup> It is my argument, then, that understanding the politics of modern finance requires a rejection of the dichotomy between the ideal and the material, and starts with a consideration how current discourses of financial rectitude and economic necessity have taken shape at the expense of other possible financial representations.

In order to make these arguments, I will provide some examples of the contested and contingent nature of capital, which imply that the existence of capital cannot be assumed as an unproblematic empirical starting point to academic enquiry. Subsequently, I will consider the avenues currently available for students of IPE to take into account the complex roles of ideas and discourses in the modern globalising economy. Finally, I will offer some thoughts on how poststructuralist insights concerning power and identity may be usefully deployed to address questions within IPE.

### What is capital?

Laffey asserts that ‘Marxism is the “Other” through which Campbell’s own subject position is affirmed’, and offers historical materialism as a theoretical framework which does address the perceived shortcomings of Campbell’s work.<sup>11</sup> Historical materialism, argues Laffey, pays attention to the social contexts of identity and representational practices, by prompting questions ‘that point us towards the ways in which modes of subjectivity, social forms, and global relations are bound up with but not reducible to the extraction of surplus value, the division of labour, and the increasingly ubiquitous reach of capital’.<sup>12</sup> In fact, ‘the worldwide (global) reach of capital’s markets’ is perceived to be a fundamental driving force in Laffey’s work, one which both forms the context of representational practices, and which is a

<sup>9</sup> David Campbell, *National Deconstruction: Violence, Identity and Justice in Bosnia* (Minneapolis, MN: University of Minnesota Press, 1998), p. 25.

<sup>10</sup> See Nigel Dodd, *The Sociology of Money* (New York: Continuum, 1994), esp. pp. xxii–xxviii.

<sup>11</sup> Laffey, ‘Locating Identity’, p. 437.

<sup>12</sup> *Ibid.*, p. 430.

‘causal factor’ behind post-Cold War socioeconomic change.<sup>13</sup> To Laffey, capital is both a transformative agent, capable of ‘self-expansion’, and a ‘social totality’ with global reach.<sup>14</sup>

Laffey’s conceptualisation of capital is shared by an extended body of literature within the field of IPE. ‘Like a Phoenix risen from the ashes’, as one widely accepted metaphor goes, ‘global finance took flight and soared to new heights of power and influence in the affairs of nations’.<sup>15</sup> Benjamin Cohen’s metaphor attributes a large capacity of agency to an abstracted image of global finance. This image of finance as an immortal being, preying upon the capacities of nation-states, can be found in a variety of academic literature on international finance. Such conceptualisations see international finance as a ‘mastering force’ undermining national sovereignty and scope for domestic policy intervention, in contrast to the postwar Bretton Woods order when finance was the ‘servant’ of economic production, and financial flows were subjected to capital controls.<sup>16</sup>

However, the reification of capital as a unitary, sovereign and (all-) powerful agent (or system) does little to clarify the precise ways in which value and entitlements are created and distributed in modern capitalist practices. Images of global finance as a predatory and immortal agency homogenise financial institutions and markets and assume unproblematic boundaries to this system. This particular representation accepts as starting point an economic reality measured and defined by contestable economic indicators. It seems to be precisely the assumption of capital as a fundamental driving force behind social change which prohibits Laffey from enquiring more meticulously into the meanings and measurements of this concept.

It is my argument that the assumption of capital’s unequivocal reality means that the discursive and ideological constitution of the economic domain is not often questioned within IPE. The reason why it is problematic to see capital as a social totality or a unified power, is that this obscures the ‘plurality of capitalist categories’, and ‘extinguishes their history’.<sup>17</sup> The questions prompted by the limitations to Laffey’s arguments, then, include: what *is* capital?; how have financial markets been historically constituted?; how are money, profit and value generated in late-modern capitalist practices?; what or where are ‘capital’s markets’, which according to Laffey have ‘global reach’?<sup>18</sup> These questions are not meant to make the concept of capital

<sup>13</sup> *Ibid.*, p. 439.

<sup>14</sup> *Ibid.*, pp. 435 and 438. On capital as agent see also Mark Laffey, ‘Adding an Asian Strand: Neoliberalism and the Politics of Culture in New Zealand 1984–97’, in Jutta Weldes et al. (eds.), *Cultures of Insecurity: States, Communities and the Production of Danger* (Minneapolis, MN: University of Minnesota Press, 1999), esp. pp. 256–9.

<sup>15</sup> Benjamin Cohen, ‘Phoenix Risen: The Resurrection of Global Finance’, *World Politics*, 48 (1996), p. 268.

<sup>16</sup> Quotes taken from Eric Helleiner, ‘When Finance was the Servant: International Capital Movements in the Bretton Woods Era’, in Philip G. Cerny (ed.), *Finance and World Politics: Markets, Regimes and States in the Post-Hegemonic Era* (London: Edward Elgar, 1993), p. 20. Other examples include Philip G. Cerny, ‘The Political Economy of International Finance’, in Philip G. Cerny (ed.), *Finance and World Politics: Markets, Regimes and States in the Post-Hegemonic Era* (London: Edward Elgar, 1993); and Philip G. Cerny, ‘The Dynamics of Financial Globalisation: Technology, Market Structure and Policy Response’, *Policy Sciences*, 27 (1994), pp. 319–42. Another version of the argument that the national state is powerless in the face of international finance holds that the state is coopted by capital. This is argued in Laffey, ‘Adding an Asian Strand’.

<sup>17</sup> Glyn Daly, ‘The Discursive Construction of Economic Space: Logics of Organisation and Disorganisation’, *Economy and Society*, 20 (1991), pp. 84 and 86.

<sup>18</sup> Laffey, ‘Locating Identity’, p. 439.

disappear; they are rather intended to come to a more detailed understanding of modern financial practices and their flaws and inconsistencies. There are numerous contemporary and historical examples which illustrate how complex these questions are, by demonstrating the contingent and contested value of financial instruments, contracts and definitions.

For instance, even before the 2001 crash of the Nasdaq index, the leading US stock market index dominated by internet and high-tech stock, the question how to value 'new-economy' stocks was widely debated. In Britain, anxiety over proper stock valuation surged in March 2000, when nine companies from the technology and communication sectors joined the FTSE 100, displacing more traditional industries such as brewing and building. 'It can be a struggle to value these new companies', one Merrill Lynch analyst was quoted in the *Financial Times*, 'traditional measures mean nothing for such companies'.<sup>19</sup> Traditional guidelines for the determination of a 'stock's intrinsic value' are not applicable to internet stocks, argued another economic analyst, 'because they have no assets, earnings, or dividends, and precious little management or definite prospects'.<sup>20</sup> Much of the debate has centred on the question whether the high valuation of internet stocks and the unprecedented rise in Nasdaq were rational or signs of widespread popular delusion.<sup>21</sup>

The new-economy debate rallies around the articulation of natural laws and hierarchies. It is assumed that stocks have an intrinsic value which can be discovered with the proper economic tools. For instance, when Nasdaq dropped in April 2000, *New York Times* economic analyst Gretchen Morgenson wrote: 'The Nasdaq composite surrendered to the force of gravity last week, falling 7.9 per cent'. She concluded, 'the laws of physics apply to new-economy stocks after all'.<sup>22</sup> The new-economy debates do not just attempt to stabilise the meaning and the value of the 'new' stocks, but also provide discursive stability for the valuation of more 'traditional' stocks, which was never as consensual and fixed as is now implied. The discursive fixing of the nature and origins of value of stocks benefits some groups over others, even if the debate is not simply reducible to competing economic interests. The new-economy debate entails an (ongoing) redefinition of economic interests around conflicting perceptions of money, value and economic growth. The new-economy debate illustrates the contestability of stock value, one of the most important categories of capital, and thus cannot simply be understood as economic rhetoric. As Nigel Thrift has written since the collapse of new-economy stock: 'elements of the new economy will live on. To write it off simply as a discourse is to misunderstand discourse's materiality.'<sup>23</sup>

A second example illustrating the political importance of contested definitions of capital and value in the modern global economy is the current battle over the

<sup>19</sup> Simon Targett, 'Old Economy versus New Economy: Where p/e Fails Try Eye-Whites', *Financial Times*, 18 March 2000.

<sup>20</sup> Peter Martin, 'The Internet Enigma', *Financial Times*, 2 June 2000.

<sup>21</sup> For a discussion of discourses of rationality and irrationality in finance, see Marieke de Goede, 'Mastering Lady Credit: Discourses of Financial Crisis in Historical Perspective', *International Feminist Journal of Politics*, 2 (2000), pp. 58–81.

<sup>22</sup> Gretchen Morgenson, 'Forces of Nature, Immutable Truths', Market Watch, *New York Times*, 2 April 2000.

<sup>23</sup> Nigel Thrift, 'It's the Romance, not the Finance, that Makes the Business Worth Pursuing', *Economy and Society*, 30 (2001), p. 430.

worldwide formulation and implementation of International Accounting Standards (IAS). Currently, accounting practices vary widely from country to country, leading to different ways of measuring such financial categories as costs, capital and profits.<sup>24</sup> The effort to standardise accounting practices globally has led to considerable competition between the IAS, which are currently being revised by an international body appointed by former US Federal Reserve chairman Paul Volcker, and the US Generally Accepted Accounting Principles (GAAP).<sup>25</sup> While the US has been reluctant to abandon its own practices for internationally determined standards, the recent Enron failure has effected a 'setback for the cause of US accounting as a global standard'.<sup>26</sup> The politics of creating and promoting unified international standards operate on two levels. First, as Wade and Veneroso note, the inclusion of standardised accounting practices in IMF conditionality furthers Western domination over the global economy. The IAS do not just require the adoption of certain (Western) standards of measurement by countries desiring IMF loans, such as Korea, but also command the use of one of five Western accounting firms (the 'Big Five') for the annual auditing of financial institutions.<sup>27</sup> More generally, countries not borrowing from the IMF are also expected to adopt the IAS in order to gain access to and credibility in the international capital markets. Thus, the standards are cast as a 'passport' to international financial participation.<sup>28</sup>

Secondly, accounting is political because it favours certain definitions of value over others. This is argued in a growing body of literature which aims to scrutinise and democratise the accounting profession.<sup>29</sup> As one author puts it: 'accounting systems allow only one of the many competing versions of an organisation's economic reality to be legitimised'.<sup>30</sup> As a result, alternative sources of value are delegitimised, including ecological responsibility. The competition between IAS and US GAAP hinges on these competing definitions of economic reality. The US refused to accept previous international accounting rules because they diminished reported profits of companies engaged in mergers and acquisitions.<sup>31</sup> While the worldwide promotion of international accounting standards takes place under the guise of technical expertise, then it objectifies and quantifies contestable definitions of financial value.

<sup>24</sup> Geoffrey R.D. Underhill, 'Private Markets and Public Responsibility in a Global System: Conflict and Cooperation in Transnational Banking and Securities Regulation', in Geoffrey Underhill (ed.), *The New World Order in International Finance* (New York: St. Martin's Press, 1997), p. 34.

<sup>25</sup> Floyd Norris, 'Accounting Standards Committee Named', *New York Times*, 23 May 2000; Floyd Norris 'Fewer Borders for Global Accounting', *New York Times*, 26 January 2001.

<sup>26</sup> David Fairlamb, 'Europe's Bean Counters are Sneering', *Business Week*, 28 January 2002, [http://www.businessweek.com/magazine/content/02\\_04/b3767714.htm](http://www.businessweek.com/magazine/content/02_04/b3767714.htm)

<sup>27</sup> Robert Wade and Frank Veneroso, 'The Asian Crisis: The High Debt Model Versus the Wall Street-Treasury-IMF Complex', *New Left Review*, 228 (1998), pp. 11–12.

<sup>28</sup> Doug Cameron, 'Accounting Body to Speed Push for Global Standards', *Financial Times*, 25 January 2001.

<sup>29</sup> This body of literature is associated with the journal *Accounting, Organizations and Society*. A few good examples are: Richard J. Boland, 'Beyond the Objectivist and the Subjectivist: Learning to Read Accounting as Text', *Accounting, Organizations and Society*, 14 (1989), pp. 591–604; Anthony G. Hopwood and Peter Miller (eds.), *Accounting as Social and Institutional Practice* (Cambridge: Cambridge University Press, 1994); Peter Miller and Christopher Napier, 'Genealogies of Calculation', *Accounting, Organizations and Society*, 18 (1993), pp. 631–47.

<sup>30</sup> Boland, 'Beyond the Objectivist and the Subjectivist', p. 599.

<sup>31</sup> Norris, 'Accounting Standards Committee Named'; see also Christian Leuz, 'IAS versus US GAAP: Information-Asymmetry Based Evidence from Germany's New Market', Working Paper, *Wharton Business School*, March 2002, <http://credit.wharton.upenn.edu/faculty/leuz/IASvsUSGAAP.pdf>

These examples begin to point to the discursive practices that bring capital into being. Rather than existing as prediscursive social reality, or as the social context of representation, capital itself seems to be discursively constituted and contested. This argument is made by geographers Andrew Leyshon and Nigel Thrift, amongst others, whose research into the practices and spaces of money have led them to conclude: ‘the more one analyses the realm of money and finance, the more one realises that an attention to discursivity is required to come to an understanding of it’.<sup>32</sup> A focus on financial discourses does not prohibit Leyshon and Thrift from exploring the ‘lived realities’ of the realm of finance.<sup>33</sup> On the contrary, their understanding of financial discursivity brings into focus modern practices and spaces of financial exclusion.<sup>34</sup>

Despite a growing body of work which problematises the materiality of money and capital, few of these insights have found their way into research within IPE.<sup>35</sup> IPE has incurred increasing criticism that it operates with a restricted definition of politics that looks almost exclusively to identifiable actions of states and policy-makers. Such political action is then perceived to be interacting with, *but still largely distinct from*, the domain of the economic. ‘This distinction’, Craig Murphy and Roger Tooze argue in their critique of IPE, ‘is based on the definition of “economics” as the science investigating wealth production and distribution under scarcity, where wealth is somehow separate from “politics”, and “politics” takes place where the realm of economics stops’.<sup>36</sup> Politics and economics, or state and market, are seen to be mutually exclusive domains, pulling society in different directions. As Robert Gilpin puts it: ‘without both state and market there would be no political economy. In the absence of the state, the price mechanism and market forces would determine the outcome of economic activities; this would be the pure world of the economist. In the absence of the market, the state or its equivalent would allocate economic resources; this would be the pure world of the political scientist’.<sup>37</sup> The continued conceptual separation between politics and economics in what Murphy and Tooze call ‘orthodox IPE’ depoliticises the economic sphere and forecloses questioning of the ways in which economic reality and financial value are ideologically and discursively produced.<sup>38</sup>

Still, a number of strands within IPE literature have fruitfully integrated the study of ideas and ideology into their analyses. These literatures have begun to question the boundaries between the spheres of the economic and the political. Broadly, there

<sup>32</sup> Andrew Leyshon and Nigel Thrift, *Money/Space: Geographies of Monetary Transformation* (London: Routledge, 1997), p. 289.

<sup>33</sup> Laffey, ‘Locating Identity’, p. 444.

<sup>34</sup> Leyshon and Thrift, *Money/Space*, esp. pp. 225–59; see also Andrew Leyshon and Nigel Thrift, ‘Lists Come Alive: Electronic Systems of Knowledge and the Rise of Credit-Scoring in Retail Banking’, *Economy and Society*, 28 (1999), pp. 434–66.

<sup>35</sup> Such work includes, for instance, Daly, ‘The Discursive Construction of Economic Space’; Leyshon and Thrift, *Money / Space*; Peter Miller and Nikolas Rose, ‘Governing Economic Life’, *Economy and Society*, 19 (1990), pp. 1–31.

<sup>36</sup> Craig Murphy and Roger Tooze, ‘Getting Beyond the “Common Sense” of the IPE Orthodoxy’, in Murphy and Tooze (eds.), *The New International Political Economy*, p. 24.

<sup>37</sup> Robert Gilpin, *The Political Economy of International Relations* (Princeton, NJ: Princeton University Press, 1987), p. 8.

<sup>38</sup> Roger Tooze and Craig Murphy, ‘The Epistemology of Poverty and the Poverty of Epistemology in IPE: Mystery, Blindness and Invisibility’, *Millennium*, 25 (1996), p. 682.

are currently three avenues open for those interested in studying ideas and meaning-making in IPE. The first is provided by the literature on epistemic communities. The second flows from the work Susan Strange did on information and has more recently been taken up by Tony Porter. The third is inspired by Cox's reading of the Italian Marxist Gramsci and has been taken up in a literature loosely defined as Gramscian IPE. I will assess each of these avenues in turn to demonstrate how a poststructuralist political economy can build on, but will depart from, these literatures.

### Three models of 'ideas' in IPE

First, the epistemic communities approach has been offered as a way in which 'students of world politics can empirically study the role of ideas in international relations'.<sup>39</sup> It prioritises within IPE and IR an investigation into 'the manner in which people and institutions interpret and represent phenomena and structures', which makes a difference for the 'outcomes we can expect in international relations'.<sup>40</sup> The literature on epistemic communities seems to offer a way to integrate questions of valuation and meaning-making into the study of IPE. John Ruggie argues that members of epistemic communities share 'a dominant way of looking at social reality, a set of shared symbols and references, mutual expectations, and a mutual predictability of intention'.<sup>41</sup> With respect to financial politics, Ruggie has considered the postwar Bretton Woods order as 'an intersubjective framework of meaning that included a shared narrative about the conditions that had made these regimes necessary and what they intended to accomplish'.<sup>42</sup> A financial epistemic community, Helleiner argues, involves state agencies as well as private actors.<sup>43</sup> Ruggie and Helleiner problematise the image of finance as an autonomous and predatory agency by arguing that governments were an active force in deregulation and liberalisation of finance capital.

Yet when the concept of epistemic communities is translated into a research agenda, the approach is reduced to considering the traditional concerns of international relations, such as state interaction and international negotiation. As the 1992 special issue of *International Organization* demonstrates, the epistemic communities agenda is limited to the study of international negotiations in specialist issue-areas, such as nuclear arms control and environmental regulation, where scientists are seen to play a privileged role. Ideas are conceived of as self-contained entities, which 'circulate from societies to governments, as well as from country to country' and inform

<sup>39</sup> Emanuel Adler and Peter M. Haas, 'Conclusion: Epistemic Communities, World Order and the Creation of a Reflective Research Program', *International Organization*, 46 (1992), p. 367. Other sources on epistemic communities include Ethan B. Kapstein, 'Resolving the Regulator's Dilemma: International Coordination of Banking Regulations', *International Organization*, 43 (1989), pp. 323-47; John Gerard Ruggie, *Constructing the World Polity: Essays on International Institutionalisation* (London: Routledge, 1998); and the 1992 special issue of *International Organization*, 46.

<sup>40</sup> Adler and Haas, 'Conclusion', p. 370.

<sup>41</sup> Ruggie, *Constructing the World Polity*, p. 55.

<sup>42</sup> *Ibid.*, p. 21.

<sup>43</sup> Eric Helleiner, *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s* (Ithaca, NY: Cornell University Press, 1994), pp. 198-201.



policymaking.<sup>44</sup> The operationalisation of ideas as ‘independent variables’ (as Haas puts it) allows this literature to assume a sharp dichotomy between ideas and a prior unproblematic material reality which shapes and informs scientific research. Ideas, in this argument, are ‘figured as no more than that which is not material . . . which can be isolated as variables possessing at least some causal autonomy’.<sup>45</sup>

Similarly to Laffey’s arguments, then, the epistemic communities approach maintains a dichotomy between ideas and reality, and argues that a preoccupation with the former forecloses a consideration of the latter. Thus, in Katzenstein, Keohane and Krasner’s interpretation, the (so-called) postmodern research agenda, which seeks to ‘[decentre] established discourse . . . by paying attention to what is marginal or silent . . . falls clearly outside of the social science enterprise, and in international relations research it risks becoming self-referential and disengaged from the world, protests to the contrary notwithstanding’.<sup>46</sup> A similar point is made by Ruggie, who makes a distinction between meanings and ‘brute facts’, in which the latter exist in ‘the familiar world of material capabilities and similar palpable properties, of pre-given and fixed preferences, of increases in trade restraints and depreciations of currencies and so on’.<sup>47</sup> These arguments overlook a body of literature in the history of science which investigates the ways in which scientific facts are culturally, socially and historically articulated and contested.<sup>48</sup> They also foreclose the possibility of considering the political processes of valuation that underpin the functioning of money and capital, exemplified by Ruggie’s assumption that currencies exist independently of mental states, beliefs, desires, hopes and fears.<sup>49</sup> In conclusion, then, the epistemic communities approach operates with a high degree of economism, which takes the ‘economic sphere to be a distinct, independently existing sphere of life whose elements have no intrinsic political aspect and, as such, can be definitely separated from the social, political and legal aspects of life’.<sup>50</sup>

A second avenue for the inclusion of ideas and information into the study of IPE is provided by the work Susan Strange has done on the knowledge structure. ‘Money is information’, Strange writes, ‘it is not gold, silver or copper, not yet banknotes, cheques, letters of credit or bills of exchange. It is electronic messages crediting or debiting accounts in computerised recording systems operated by financial institu-

<sup>44</sup> Peter M. Haas, ‘Introduction: Epistemic Communities and International Policy Coordination’, *International Organization*, 46 (1992), p.27.

<sup>45</sup> David Campbell, *Writing Security: United States Foreign Policy and the Politics of Identity* (Minneapolis, MN: University of Minnesota Press, 1998 [1992]), p. 218.

<sup>46</sup> Peter J. Katzenstein, Robert O. Keohane and Stephen D. Krasner, ‘International Organization and the Study of World Politics’, *International Organization*, 52 (1998), p. 678.

<sup>47</sup> Ruggie, *Constructing the World Polity*, p. 90. Ruggie does go on to say that brute facts are ‘mediated by concepts and theories,’ but does not address this issue further. In the following section he simply assumes that brute facts form the bases of causation, and are separate from, for instance, ‘beliefs, desires, hopes and fears’ (Ruggie, *Constructing the World Polity*, pp. 90–91).

<sup>48</sup> This literature includes, for instance, James Chandler, Arnold I. Davidson and Harry Harootunian (eds.), *Questions of Evidence: Proof, Practice and Persuasion across Disciplines* (Chicago, IL: University of Chicago Press, 1991); Allan Megill (ed.), *Rethinking Objectivity* (London: Duke University Press, 1994); Mary Poovey, *A History of the Modern Fact: Problems of Knowledge in the Sciences of Wealth and Society* (Chicago, IL: University of Chicago Press, 1998); and Steven Shapin, *A Social History of Truth: Civility and Science in Seventeenth-Century England* (Chicago, IL: University of Chicago Press, 1994).

<sup>49</sup> Ruggie, *Constructing the World Polity*, pp. 90–91.

<sup>50</sup> Richard K. Ashley, ‘Three Models of Economism’, *International Studies Quarterly*, 27 (1983), p. 467.

tions.<sup>51</sup> For Strange, this is a new phenomenon, brought about by technological improvements in the means of communication, which have made possible ‘global financial markets in which, potentially, all operators are in touch with each other all over the world at all hours of day or night’.<sup>52</sup> This has led to a financial order in which what Strange calls ‘the knowledge structure’ enjoys relative autonomy to the production and financial structures. The knowledge structure comprehends ‘what is believed . . . what is known, and perceived as understood; and the channels by which beliefs, ideas, and knowledge are communicated – including some people and excluding others’.<sup>53</sup>

More recently, Strange’s work has been used and elaborated by Tony Porter, who has identified a late-modern knowledge structure characterised by ‘the increased speed and intensity with which new abstract knowledge is transformed into routine unquestioned practices which can then be taken as commonsense reality’.<sup>54</sup> To Porter, the dramatically increased importance of the formulation and dissemination of technical knowledge in late modernity manifests itself in the financial sphere in the form of the mathematical creation of new financial instruments, the rearticulation of financial standards and the redefinition of capital in order to include ‘intangibles’ such as human capital.<sup>55</sup> Porter’s work starts to take into account the discursivity of finance, as well as the complexity of defining capital and other financial categories.

Still, Strange, and to a lesser extent Porter, advance an instrumental definition of knowledge which supports a dichotomy between the worlds of the ideal and the material, although this dichotomy becomes increasingly blurred. In Strange’s work on the knowledge structure, knowledge is conceptualised as a resource, a coherent entity which can be discovered, stored and communicated. ‘Knowledge is cumulative and communicable’, Strange asserts, and power is derived from it as power is derived from other sources such as material, productive or financial capacities.<sup>56</sup> As Christopher May points out, Strange’s ‘instrumentalist view of knowledge-information’ restricts her consideration of these concepts. May concludes: ‘Having introduced knowledge in a structural form, Strange immediately attempts to close the Pandora’s box that she has opened. She can only do this by requiring us to accept that knowledge is a *resource*’.<sup>57</sup> Similarly, in Porter’s conceptualisation knowledge retains instrumental features which objectify and reify it. The regulation of ‘the international flow of knowledge’, Porter argues, is an important resource in the creation and maintenance of hegemony, which he illustrates with a study of British and US hegemonic cycles. In this reading, knowledge is a clearly recognisable entity, which can be owned, contained and shared.<sup>58</sup>

<sup>51</sup> Susan Strange, ‘Finance, Information and Power’, *Review of International Studies*, 16 (1990), p. 263.

<sup>52</sup> *Ibid.*

<sup>53</sup> Susan Strange, *States and Markets* (London: Pinter, 1988), p. 119.

<sup>54</sup> Tony Porter, ‘The Late-Modern Knowledge Structure and World Politics’, in Hewson and Sinclair (eds.), *Approaches to Global Governance Theory*, p. 138.

<sup>55</sup> *Ibid.*, pp. 141–8.

<sup>56</sup> Strange, *States and Markets*, p. 122.

<sup>57</sup> Christopher May, ‘Strange Fruit: Susan Strange’s Theory of Structural Power in the International Political Economy’, *Global Society*, 10 (1996), p. 184, emphasis in original.

<sup>58</sup> Tony Porter, ‘Hegemony and the Private Governance of International Industries’, in A. Claire Cutler, Virginia Haufler and Tony Porter (eds.), *Private Authority in International Affairs* (New York: State University of New York Press, 1999), p. 276.

The third avenue for the inclusion ideas or practices of meaning-making into the study of IPE has been provided by Cox's reading of the Italian Marxist Antonio Gramsci.<sup>59</sup> Cox advances a research agenda which prioritises the historical study of international structures, in order not just to understand how these 'impose pressures and constraints' on agents, but also in order to map out possibilities for emancipatory change.<sup>60</sup> The importance of understanding hegemony in a Gramscian sense is that it provides an opportunity to question that which is assumed to be natural, such as perhaps the meaning and value of money. 'Hegemony . . . in the gramscian meaning', Cox argues, includes 'a structure of values and understandings about the nature of order that permeates a whole society. . . . In a hegemonic order these values and understandings are relatively stable and unquestioned. They appear to most actors as *the natural order of things*'.<sup>61</sup>

Cox's reading of hegemony has been elaborated and applied to the study of international finance most notably by Stephen Gill and David Law, who seek to explain rather than assume the economic interests of international actors by looking at the ideological debates informing them. The departure from Bretton Woods in favour of a more liberal international financial order was caused, Gill and Law argue, by a transformation in the way business and government leaders of different countries perceived 'the general conditions of existence of the international order'.<sup>62</sup> International change in this field takes place though consensus rather than through coercion, Gill argues, making it imperative for the classes profiting most from a certain order to phrase their narrow class interests in terms of universal interests. This is precisely what happened with the political shift towards neoliberalism in the late 1970s and 1980s, according to Gill, when Thatcher claimed that 'there was no alternative to her supply-side monetarist policies'.<sup>63</sup> Gill concludes that we have arrived at a transnational financial structure with its own discursive practices which act 'to discipline deviations from the orthodoxy of neo-liberal economics and serve to constitute the limits of the possible in matters of global finance and sovereign debt'.<sup>64</sup>

Although Gramscian IPE has opened possibilities to study the structural limits to our perceptions of international economic reality, it is subject to its own structural and conceptual limits which exclude from consideration some of the questions raised by money's discursivity. Because it derives largely from a Marxist framework, gramscian IPE takes class as its most basic unit of analysis. Although political *consciousness* of these class-units is not inherent or self-evident according to Gramscian IPE, class *identity* is seen to precede the political. This theoretical position is made

<sup>59</sup> Gramscian IPE includes, for example, John Agnew and Stuart Corbridge, *Mastering Space: Hegemony, Territory and International Political Economy* (London: Routledge, 1995); Robert W. Cox and Timothy J. Sinclair, *Approaches to World Order* (Cambridge: Cambridge University Press, 1996); and Stephen Gill (ed.), *Gramsci, Historical Materialism and International Relations* (Cambridge: Cambridge University Press, 1993).

<sup>60</sup> Cox and Sinclair, *Approaches to World Order*, p. 8.

<sup>61</sup> *Ibid.*, p. 517, emphasis added.

<sup>62</sup> Stephen Gill and David Law (1993) 'Global Hegemony and the Structural Power of Capital', in Gill, *Gramsci, Historical Materialism and International Relations*, p. 104.

<sup>63</sup> Stephen Gill, *American Hegemony and the Trilateral Commission* (Cambridge: Cambridge University Press, 1990), p. 95.

<sup>64</sup> Stephen Gill, 'The Global Panopticon? The Neoliberal State, Economic Life, and Democratic Surveillance', *Alternatives*, 20 (1995), p. 11.

clear in a recent article by Cox, who points out that ‘Consciousness was not, for Gramsci, a direct derivative of class; it was an historical construction’.<sup>65</sup> Class consciousness thus belongs to the domain of the political for Gramsci and Cox, in which ‘an evaluation of the degree of homogeneity, self-awareness, and organisation attained by the various social classes’ takes place.<sup>66</sup> Class identity, on the other hand, precedes this political level and belongs to the domain of the ‘objective relations . . . brought about by the level of development of the material forces of production’.<sup>67</sup> This latter domain is comparable to Ruggie’s world of brute facts, or in Gramsci’s words, ‘a refractory reality: Nobody can alter the number of firms or their employees, the number of cities or the given urban population, etc’.<sup>68</sup>

However, as I have briefly discussed above, the process of counting assets, profits and so forth in accounting practices is highly contested and is currently the subject of international negotiation and standardisation. The counting of economic reality requires definitions, categorisations and classifications which are already political in themselves. It moreover requires a large and reliable statistical apparatus and adequate financial resources. In addition, considering class identity to be part of a pre-political reality is highly problematic. As Laclau and Mouffe have argued, (class) identity is dependent upon social and historical processes of identification. These processes of identification are not exhaustively determined by material circumstances, but have to be articulated through contingent and political discourses. Laclau and Mouffe conclude: ‘there is no logical connection whatsoever between positions in the relations of production and the mentality of the producers’.<sup>69</sup> The point to be emphasised here is that in Gramscian IPE, culture, discourse and ideology remain largely in the domain of the superstructure, and of secondary importance to the study of the economic base which ultimately determines the objective economic interests of agents.

These three avenues for studying practices of meaning-making, ideas and discourse within IPE thus remain limited by a degree of economism. Despite their important insights and critical potential, the three approaches discussed all assume the existence of a prepolitical domain which cannot be questioned or criticised within the confines of the theory. Although the reach of the prepolitical domain varies, with the epistemic communities approach most ready to leave intact the domain of neoclassical economics as a technical given, while historical materialism refuses a clear boundary between economics and ideas, and opens up the domain of economic production to critical questioning, the indisputable materiality of economic factors and objects is assumed in both.

The reason why I take issue with Laffey’s argument that poststructuralist work ‘reinscribes conventional distinctions between politics and economics’ is because these distinctions rest upon a prior conceptual separation between the material sphere of the economic and the ideational sphere of the political, which is precisely

<sup>65</sup> Robert W. Cox, ‘Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order’, *Review of International Studies*, 25 (1999), p. 15.

<sup>66</sup> Antonio Gramsci, *Selections from the Prison Notebooks*, ed. and trans. by Quintin Hoare and Geoffrey Nowell Smith (London: Lawrence and Wishart, 1971), p. 181; Cox, ‘Civil Society’, p. 26.

<sup>67</sup> Cox, ‘Civil Society’, p. 25.

<sup>68</sup> Gramsci, *Selections from the Prison Notebooks*, p. 180.

<sup>69</sup> Ernesto Laclau and Chantal Mouffe, *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics* (London: Verso, 1985), pp. 84–5.

being questioned within poststructuralist work.<sup>70</sup> Laffey's objection to Campbell's accounts is that they 'begin and end with representation', and fail to consider the (supposedly) prediscursive realm of socioeconomic relations and the 'global division of labour'.<sup>71</sup> However, in order to transcend the politics/economics distinction and move beyond economism in IPE, it is necessary to challenge the very dichotomy between representation and reality that Laffey wishes to reintroduce.

## IPE and poststructuralism

Poststructuralism offers the possibility to open up the domain of economic and financial reality to political questioning, a possibility denied by the prepolitical nature of a realm of hard facts or a refractory reality. Moving beyond economism requires the recognition that *neither* the politics/economics distinction, *nor* the idealism/realism distinction, exist beyond their historical articulation. As Ashley writes: '[A]ll such distinctions are products of history, or, more correctly, of political struggles to shape, reproduce, or transform social orders and symbolic systems'.<sup>72</sup>

Michael Shapiro has reread the work of Adam Smith as one place in which the modern separation between the political and the economic has historically been articulated. According to Shapiro, modern economics as written by Smith, amongst others, assumes value to be derived directly from objects. This is a metaphor of intrinsicity, in which 'objects satisfy senses . . . their value derives from their material relationship with the body'.<sup>73</sup> In this way, modern economics forgets the (social, cultural, discursive) contexts through which objects take on value, and the interpretative struggles that determine what 'value' is to mean. In contrast, Shapiro argues, practices of value and valuation are less 'an individual choice than an enactment of a social code . . . the value of an object for a subject emerges within a linguistic act that is . . . anchored in history'.<sup>74</sup> In other words, 'interpretation *produces* value', instead of value existing objectively and prior to interpretative struggles.<sup>75</sup> In finance, this raises the questions how historically grounded practices attribute value to monetary instruments, including gold, paper, stocks or derivatives, and how current financial discourses have taken shape at the expense of alternative financial possibilities and representations.

Despite its efforts to move beyond the ideal/material dichotomy which defines much of international relations research, many critics have misinterpreted poststructuralist work as proposing to study 'merely' text, rhetoric and ideas.<sup>76</sup> As I have

<sup>70</sup> Laffey, 'Locating Identity', p. 444.

<sup>71</sup> *Ibid.*, pp. 444 and 440.

<sup>72</sup> Ashley, 'Three Models', p. 471.

<sup>73</sup> Michael J. Shapiro, *Reading 'Adam Smith': Desire, History and Value* (London: Sage, 1993), p. 62.

<sup>74</sup> *Ibid.*, p. 66.

<sup>75</sup> *Ibid.*, p. 81, emphasis in original.

<sup>76</sup> See, for instance, Stephen D. Krasner, 'The Accomplishments of International Political Economy', in Steve Smith, Ken Booth and Marysia Zalewski (eds.), *International Theory: Positivism and Beyond* (Cambridge: Cambridge University Press, 1996); Stephen D. Krasner, 'Wars, Hotel Fires and Plane Crashes', *Review of International Studies*, 26 (2000), pp. 131–6; and Heikki Patomäki and Colin Wight, 'After Postpositivism? The Promises of Critical Realism', *International Studies Quarterly*, 44 (2000), pp. 213–37.

argued, these critics maintain the dichotomy between the realm of the material and that of the ideal, and assume that poststructuralists are solely concerned with the latter. A response to such criticisms is provided in a recent essay by philosopher of science Bruno Latour, which was provoked when a concerned interviewer asked him the question ‘do you believe in reality?’ ‘Is reality something like God’, Latour wondered at this question, ‘the topic of a confession reached after a long and intimate discussion?’<sup>77</sup> In fact, Latour explains, what his work questions is not reality but the historically constructed dichotomy between the world of the ideal and the world of the real, which subsequently has made possible the discursive abstraction of human passions, beliefs, hopes and fears from scientific endeavours. This discursive move, which Latour (and others before him) attributes foremost to Descartes, underlies the possibility of distinguishing the human mind, with all its weaknesses and passions, from the ‘outside world’, which then can (or cannot) be positively known. ‘Only a mind put in the strangest position’, Latour writes, ‘looking at the world *from the inside out* and linked to the outside by nothing but the tenuous connection of the *gaze*, will throb in the constant fear of losing reality’.<sup>78</sup> Within IR theory, Jim George has similarly traced the ideal/material dichotomy to Descartes and argues that this imagination of a ‘world out there’ in IR means that ‘reality now becomes the realm of the unchangeable and inevitable’.<sup>79</sup>

However, if there were such distinction between the world of the ideal and the world of brute material reality in IPE, *where* would it be? And *how* would we know it? I have already noted the difficulties inherent in the process of counting (factories, workers, cities) proposed by Gramsci, as any process of counting requires definitions, categorisations and financial resources which puts it firmly into the realm of politics. In other words, whatever material reality Gramsci (and many others) have in mind is never knowable without human intervention and interpretation. The counting of factories becomes a priority only within a discursive framework which attributes a certain *meaning* to the existence of factories and workers, in Gramsci’s case the meaning of class-struggle and emancipation. A similar argument can be made in response to Krasner’s worries about ‘big time violent death’ in our uncertain political environment.<sup>80</sup> As far as I know, the first poststructuralist who denies that realities exist in which people die as a result of a bullet in the head, has yet to be located. What *is* contested, however, is the meaning of death and violence, particularly large-scale political violence. As Campbell puts it:

the body lying on the ground, the bullet in the head, and the shell casing lying not far away – tells us nothing itself about the meaning and significance of those elements. . . . For example, did the body and the bullet get to be as they are because of suicide, manslaughter, murder, ethnic cleansing, tribal war, genocide, a war of inter-state rivalry, or . . . ? Each of those terms signifies a larger discursive formation through which a whole set of identities, social relations, political possibilities and ethical outcomes are made more or less possible.<sup>81</sup>

<sup>77</sup> Bruno Latour, *Pandora’s Hope: Essays on the Reality of Science Studies* (Cambridge, MA: Harvard University Press, 1999), p. 1.

<sup>78</sup> *Ibid.*, p. 4, emphases in original.

<sup>79</sup> Jim George, ‘Understanding International Relations After the Cold War: Probing Beyond the Realist Legacy’, in Shapiro and Alker, *Challenging Boundaries*, pp. 42–3.

<sup>80</sup> Krasner, ‘Wars, Hotel Fires’, p. 134.

<sup>81</sup> David Campbell, ‘International Engagements: the Politics of North American International Relations Theory’, *Political Theory*, 29 (2001), p. 444.

In comparison, Latour's scientific expedition in search of material reality found instead what he calls 'circulating reference', whereby the processed information of each step in a scientific process forms a resource for the next step in a 'chain of translation'.<sup>82</sup> Between language and nature (or the ideal and the real) says Latour, 'there is neither correspondence, nor gaps, nor [are they] even two distinct ontological domains'.<sup>83</sup> Latour follows the chain of translation through which the soil of an Amazon forest is collected, measured, sampled, numbered, transported, tested and analysed, to result in a scientific publication.<sup>84</sup> Nor can we say that the actual Amazonian soil was the unmediated material input for this chain of reference. A process of meaning-making, scientific discussion and fund-raising preceded the expedition of these scientists, convincing them they needed *this* soil, in *this* forest, at *this* particular time, just as their final publication will form a resource for future expeditions, both their own and those of rival scientists.

The process of circulating reference, moreover, enables power to be exercised from what Latour has called 'centres of calculation'. These are scientific nodal points from which the chains of reference are commanded and in which their successive stages are overseen and collected. 'Inside these centres', Latour writes, 'specimens, maps, diagrams, logs, questionnaires and paper forms are accumulated and are used by scientists and engineers to escalate the proof race'.<sup>85</sup> Latour shows not just that a dichotomy between the ideal and the material is untenable, then, but also that scientific processes are already implicated in particular modes of power which enable and prioritise certain scientific endeavours over others.

Appropriating Latour's arguments to the study of finance, it becomes clear that the conceptualisation of the realm of finance and capital as a network of centres of calculation offers an alternative to the conceptualisation of finance as a powerful agent or an 'overarching and seamless web'.<sup>86</sup> This alternative emphasises the discursive nature of financial instruments, while encouraging empirical research of the ways in which value and entitlements are generated and distributed in modern capitalism. Thrift and Leyshon have proposed to conceptualise finance as a series of complex networks of authority which include 'particular devices, particular monetary skills, and particular attitudes toward, and beliefs about, what money is'.<sup>87</sup> These monetary networks do not exist in an abstracted global space or continuous (24-hour) time, but manifest themselves in particular ways in concrete geographical locations such as the City of London and New York's financial district.<sup>88</sup> 'International financial centres', Thrift concludes, 'are centres of representation . . . [they]

<sup>82</sup> Latour, *Pandora's Hope*, p. 27.

<sup>83</sup> *Ibid.*, p. 24.

<sup>84</sup> *Ibid.*, pp. 24–79.

<sup>85</sup> Bruno Latour, *Science in Action: How to Follow Scientists and Engineers Through Society* (Milton Keynes: Open University Press, 1987), p. 232.

<sup>86</sup> Andrew Leyshon and Nigel Thrift, 'Moral Geographies of Money', in Eric Helleiner and Emily Gilbert (eds.), *Nation-States and Money: the Past, Present and Future of National Currencies* (London: Routledge, 1999), p. 161.

<sup>87</sup> *Ibid.*

<sup>88</sup> This argument has earlier been made by Saskia Sassen, who rejects the view that the global economy in general and financial markets in particular exist unhindered by geographic location and infrastructure. See Saskia Sassen, 'The State and the Global City: Notes Towards a Conception of Place-Centred Governance', *Competition and Change*, 1 (1995), pp. 31–50; Saskia Sassen, *The Global City: London, New York, Tokyo* (Princeton, NJ: Princeton University Press, 1991).

are centres of discursive *authority*, able to describe what constitutes “news” and how that “news” is interpreted’.<sup>89</sup> Rather than ‘replicating a liberal notion of global capitalism’,<sup>90</sup> the notion of finance as a series of authoritative and discursive networks advanced by Thrift and Leyshon opens up the fundamental categories of knowledge of liberal capitalism to critical questioning.

By rejecting the dichotomy between objects and our ideas or beliefs about it, poststructuralist work offers a way to take seriously the role of ideas, ideology and discourses within the study of IPE while avoiding the limits of economism. In the work of French philosopher Michel Foucault, the power of ideology is no longer seen as a more or less conscious distortion of the truth in order to further particular (class) interests, but rather as bound up with complex and historically grounded technologies of truth production. Foucault proposes to reject the concept of ideology in favour of the study of historically constituted ‘apparatuses of knowledge’.<sup>91</sup> In this manner, knowledge, ideas and ideology no longer *follow* material production and institutions, but are *a requirement for* material and institutional possibilities. ‘[I]ndeed’, Foucault argues, ‘we must produce truth *in order* to produce wealth in the first place’.<sup>92</sup> The power of financial ideas exists in the spaces in which ‘production of effective instruments for the formation and accumulation of knowledge’ takes place, including ‘methods of observation, techniques of registration, procedures of investigation and research’.<sup>93</sup>

Peter Miller and Nikolas Rose, amongst others, have used Foucault’s work in order to understand modern economic governance. Their work breaks with the more narrowly defined interactions of politics and economics discussed above. Foucault’s notion of government, Miller and Rose argue,

highlights the diversity of powers and knowledges entailed in rendering fields practicable and amenable to intervention. It suggests that the analysis of ‘policy’ cannot be confined to the study of different administrative agencies, their interests, funding, administrative organisation and the like. A complex and heterogeneous assemblage of conditions thus makes it possible for objects of policy to be problematised, and rendered amenable to administration.<sup>94</sup>

Before events and phenomena can be discussed in policy forums or be the subject of international negotiations – thus *before* they come into focus within IPE – they must be ‘rendered into information’, in the form of, for instance, ‘written reports, drawings, pictures, numbers, charts, graphs, statistics’.<sup>95</sup> It is these discourses that bring economic and financial reality into being, and that render certain (policy) interventions more possible than others. With respect to finance, it is important to note MacKenzie’s argument that finance theory is performative, meaning it brings about

<sup>89</sup> Nigel Thrift, ‘On the Social and Cultural Determinants of International Financial Centres: The Case of the City of London’, in Stuart Corbridge, Ron Martin and Nigel Thrift (eds.), *Money, Power, Space* (Oxford: Basil Blackwell, 1994), p. 335, emphasis in original.

<sup>90</sup> Laffey, ‘Locating Identity’, p. 439.

<sup>91</sup> Michel Foucault, ‘Two Lectures’, in Colin Gordon (ed.), *Power/Knowledge: Selected Interviews and Other Writings* (New York: Pantheon, 1980 [1976]), p. 102.

<sup>92</sup> *Ibid.*, p. 93, emphasis added.

<sup>93</sup> *Ibid.*, p. 102.

<sup>94</sup> Miller and Rose, ‘Governing Economic Life’, pp. 3–4. See n. 35.

<sup>95</sup> *Ibid.*, p. 7.



the market reality that it intends to describe ‘as if it were an external thing’.<sup>96</sup> As MacKenzie shows in his in-depth study of the hedge fund Long-Term Capital Management (LTCM), ‘finance theory itself has played an important role in its assumptions becoming more realistic’, and thus is fully part of the materialisation of financial markets.<sup>97</sup> In conclusion, then, it is *not* the case that, as Navon purports, ‘facts are facts with or without human consent’.<sup>98</sup> Facts, especially economic and financial facts, are produced through human writing, reporting, calculating and analysis, and these practices should be analysed within IPE as important domains where economic power is exercised.

It is important to emphasise that these particular discourses of financial knowledge and rationality make *real* material distributions and effects possible: they channel credit access and they create and distribute financial resources. In a recent article, Judith Butler seeks to counter the claims that poststructuralist work fails to address questions of economic equality and redistribution. Instead of being ‘merely cultural’ or belonging to the realm of the superstructure, Butler argues, the discourses of gender and sexuality which are discussed in her work are fully part of material life and political economy. ‘[I]s it possible to distinguish, even analytically, between a lack of cultural recognition and a material oppression’, writes Butler, ‘when the very definition of legal “personhood” is rigorously circumscribed by cultural norms that are indissociable from their material effects?’<sup>99</sup> Discourses of sex and gender, Butler concludes, underpin a ‘specific operation of the sexual and gendered distribution of legal and economic entitlements’.<sup>100</sup> Similarly, it can be argued that objectified and authoritative discourses of capital underpin the distribution of financial entitlements.

If the creation and distribution of economic and financial entitlements are regulated through definitions of personhood, the importance of conceptualising identity within IPE becomes clear. More precisely, it becomes important to enquire into the identities of legitimate speakers within the financial domain. The technical nature of the processes of registering, charting and calculating which bring financial knowledge into being, means that financial agents are not so much consciously and purposefully wielding power, but are themselves initiated through, as well as limited by, discourses of the right and proper within the financial domain.<sup>101</sup> Finance is defined through general regulative practices that determine what can and cannot be legitimately said within its domain. These regulative practices determine what it is possible to speak of within the historically constituted financial sphere; which events are recorded as evidence and which utterances are recognised as valid. These same limits govern which statements are considered futile and irrelevant to the financial domain; which evidence is inadmissible, which utterances are invalid.<sup>102</sup> Thus, the

<sup>96</sup> Donald MacKenzie, ‘Physics and Finance: S-Terms and Modern Finance as a Topic for Science Studies’, *Science, Technology & Human Values*, 26 (2001), p.136.

<sup>97</sup> *Ibid.*, p.133. About LTCM, see also Marieke de Goede, ‘Discourses of Scientific Finance and the Failure of Long-Term Capital Management’, *New Political Economy* 6 (2001), pp. 149–70.

<sup>98</sup> Emmanuel Navon, ‘The “Third Debate” Revisited’, *Review of International Studies*, 27 (2001), p. 625.

<sup>99</sup> Judith Butler, ‘Merely Cultural’, *New Left Review*, 228 (1998), p. 41.

<sup>100</sup> *Ibid.*

<sup>101</sup> Cf. David Campbell, ‘Political Prosaics, Transversal Politics, and the Anarchical World’, in Shapiro and Alker, *Challenging Boundaries*, p. 18.

<sup>102</sup> Michel Foucault, ‘Politics and the Study of Discourse’, in Graham Burchell, Colin Gordon and Peter Miller (eds), *The Foucault Effect: Studies in Governmentality* (Chicago, IL: University of Chicago Press, 1991 [1968]), pp. 59–60.

regulative practices which govern the limits of the financial domain act upon the ways participants in this sphere understand their roles, interests and possibilities.

At the same time however, it is precisely their initiation as financial professionals that makes possible authoritative agents in the financial sphere, who articulate, reaffirm but sometimes also resist discourses of financial rationality. Butler emphasises the instability of power and the multiplicity of possible resistances by placing emphasis on the continued necessity of performance and enunciation of (financial) governance. 'If . . . a structure is dependent upon its enunciation for its continuation,' Butler writes, 'then *it is at the site of enunciation that the question of its continuity is to be posed*'.<sup>103</sup> In other words, despite the rigorous training and education financial agents are initiated by, their performances do not flawlessly reproduce previous formulations, but may reformulate, rearticulate, transform, and even fundamentally question financial orthodoxies.

## Conclusions

In conclusion, then, it is my argument that a poststructuralist understanding of financial practices offers two important focal points which have hitherto received too little attention within IPE. First, it prioritises investigation into how understandings of economic reality and rationality *in themselves* exercise a particular power, thus politicising financial knowledge. In an era when financial practices are closed off from democratic politics through the assertion that finance is too specialist for broad-based public debate, questioning technical financial knowledge becomes one of the most important sites of political critique. As Porter points out, '[t]he production of knowledge is increasingly entering into the constitution of objects (such as tradeable products) and relationships (property rights and capital) that conventionally have been regarded as natural or material'.<sup>104</sup> IPE approaches which assume the existence of an undeniable economic reality limit their own scope for criticism of economic knowledge, and often rely on conventional financial indices and statistics for the measurement and definition of this reality.

Second, a poststructuralist IPE considers as political the boundaries to currently accepted disciplinary domains and raises the question how the economic and the political have been defined as mutually exclusive entities in the first place. The positioning of capital as powerful agent or global system homogenises financial practices as a coherent sphere with unproblematic boundaries. In contrast, Foucault's insights on the 'limits of the sayable' within a historically constituted disciplinary domain teach that a better understanding is needed of how and why issues are in- or excluded from the domain of capital. A poignant example is discussed by Marianne Marchand, who has argued with respect to the public discussion surrounding NAFTA that raising particular issues in economic debates is rendered difficult because the regulation of the domain of legitimate discourse 'perceive[s] these issues as departing from assumed standards of rationality and objectivity, and conse-

<sup>103</sup> Judith Butler, *Excitable Speech: A Politics of the Performative* (London: Routledge, 1997), p. 19, emphasis added.

<sup>104</sup> Porter, 'The Late-Modern Knowledge Structure', p. 151. See n. 54.

quently view[s] them as social issues, and of secondary importance or external to the economic model under discussion'.<sup>105</sup> At the same time, however, an understanding of financial professionalism means that it is not possible to attribute the restricted definition of economic issues to the personal deviance or ignorance of financial practitioners. Instead, economic and financial education should be researched as major sites of the production of subjectivities that, in their turn, produce and restrict the financial domain. In the financial sphere, the field of possibility of behaviour is regulated through criteria of responsibility, rationality and morality, which are defined and taught in diverse practices ranging from credit-rating and children's education in financial rectitude to expensive and prestigious MBA degrees.<sup>106</sup>

Finally, it should be noted that seeking to move beyond economism in IPE does not entail a wholesale rejection of Laffey's political preoccupations. On the contrary, such a move is motivated by a search for alternatively imagined financial futures and possibilities of political resistance to modern financial practices, which all too often take on the appearance of natural and material necessity. It is here that the political and ethical agenda of poststructuralism is articulated: it (partly) consists of 'making strange' or denaturalising the orders and possibilities that have taken on the appearance of necessity and objectivity.<sup>107</sup> Foucault's political agenda must be seen in light of his constant encouragement to struggle 'against the effects of the power of a discourse that is considered to be scientific'.<sup>108</sup> Now that finance in general, and globalised investment banking, derivatives trading and speculation in particular, have taken on the appearance of economic necessity and scientific respectability, post-structuralism requires a proper place within the study of political economy. Quoting Foucault, Campbell concludes that a poststructuralist 'ethos of criticism is thus far from being simply a negative and destructive enterprise. It is, as Foucault argues... "a matter of flushing out that thought and trying to change it: to show that things are not as self-evident as one believed, to see that what is accepted as self-evident will no longer be accepted as such. Practising criticism is a matter of making facile gestures look difficult."'<sup>109</sup>

<sup>105</sup> Marianne Marchand, 'Selling NAFTA: Gendered Metaphors and Silences Gender Implications', in Eleonore Kofman and Gillian Youngs (eds.), *Globalisation: Theory and Practice* (London: Pinter, 1996), p. 258.

<sup>106</sup> Some of this research is already being done, within as well as outside IPE. On credit rating see for instance: Leyshon and Thrift, 'Lists Come Alive'; and Timothy J. Sinclair, 'Between State and Market: Hegemony and Institutions of Collective Action under Conditions of International Capital Mobility', *Policy Sciences*, 27 (1994), pp. 447–66. On education in financial rectitude, see for instance: Gill, 'The Global Panopticon?', esp. pp. 25–7; and Adam Harmes, 'Institutional Investors and the Reproduction of Neoliberalism', *Review of International Political Economy*, 5 (1998), esp. pp. 112–14.

<sup>107</sup> Donna Gregory, 'Foreword', in DerDerian and Shapiro, *International Intertextual Relations*, p. xiv.

<sup>108</sup> Foucault, 'Two Lectures', p. 84.

<sup>109</sup> Campbell, *Writing Security*, p. 215.