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Vincenzo RUGGIERO, *Dirty Money: On Financial Delinquency* (Oxford University Press/Clarendon Studies in Criminology, 2017)

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I was very pleased to be sent this text for review, and indeed very excited about its publication. Professor Ruggiero's interest in the financial crisis, articulated through his construct of "financial delinquency," very quickly gives the impression of being a welcome addition to a body of scholarship rooted in the turbulence of 2007-2008. Over a decade from the onset of this global financial "meltdown,"<sup>1</sup> also precipitating the "first crisis of globalization,"<sup>2</sup> the attention being paid to it persists. For many, this reflects the continuing importance of understanding the crisis, in terms of its origins and genesis, and its lasting effects. This subsists closely with the perceived imperative for finding responses which are capable of addressing the financial system's vulnerabilities—systemic, institutional and individual—associated with these events, with this aspiration juxtaposed alongside recognition of the embeddedness of the adage "business as usual" and of forces militating against change in Western capitalism.<sup>3</sup>

In its remit, *Dirty Money* acknowledges a current context where discourse is both strongly response-oriented, and also dominated by continuing interest in forces capable of influencing further global financial instability, including centrally the many faces of geo-political complexity, and economic uncertainty and extensive "stagnation," and wider societal "fall out" from these spheres of concern. Here *Dirty Money* engages directly with what can be found widely termed as the "regulatory aftermath" of the crisis, reflecting a *credo* embodied in Professor Ruggiero's own use of the adage that a "crisis is a terrible thing to go to waste" [182]. *Dirty Money* can thereby be located within a corpus of work mapping post-crisis understanding of the events of

<sup>1</sup> Per S. Will, S. Handelman and D.C. Brotherton, 2013, *How They Got Away With It: White Collar Criminals and the Financial Meltdown* (New York, Columbia University Press).

<sup>2</sup> Emphasis added, per G. Brown, 2010, *Beyond the Crash: Overcoming the First Crisis of Globalisation* (London, Simon & Schuster).

<sup>3</sup> E.g. Z. Bauman, 2010, *Living on Borrowed Time* (Cambridge, Polity Press); J.E. Stiglitz, 2009, *Freefall: Free Markets and the Sinking of the Global Economy* (London, Penguin, 2009); M. Wolf, 2009, *Fixing Global Finance: How to Curb Financial Crises in the 21<sup>st</sup> Century* (Newhaven/London, Yale University Press).

2007-2008, and charting a complex mix of initial and now continuing optimism, scepticism and despair for future directions. This work also demonstrates how the crisis and its aftermath are inspiring a widening of scholarly interest in how periods of financial instability which have become synonymous with the terminology of “crisis” are actually analyzed.

This analytical sphere is dominated by a strongly economics-oriented tradition of readings of periods of financial instability, where determinations of “crisis” and “recovery” are made strongly with reference to proxies such as statistics relating to GDP, import/export, interest rates and inflation etc. More recently this is increasingly accompanied by a “macroprudential regulation” focus to mirror current regulatory trends and emphases, with this characterized centrally by scenario analysis and resilience “testing.” Alongside this, two quite different analytical directions appear to be emerging from the “crisis scholarship,” capturing attention from scholars, and also regulators and policymakers. Firstly, there is an apparently increasing emphasis on the social dimensions of financial crises, where financial systems are characterized as social spaces as well as economic ones,<sup>4</sup> and where such perspectives also postulate the impact of financial instability on social well-being and “social justice.”<sup>5</sup> Secondly, there is a marked increased pursuit of enhanced understanding of the financial *crisis*—in terms of cause and effect—through analyses of financial *crime*.<sup>6</sup>

It is perhaps a better truism that the events of 2007-2008 have popularized these alternative approaches rather than actually initiated them, but Professor Ruggiero’s text is very much how I have envisioned the ways in which the financial crisis might shape new productive analytical directions, and why and for whom, and indeed by whom. For the “financial crisis-financial crime” nexus, *Dirty Money* identifies itself strongly with current interest in activities commonly termed “financial crime” in numerous ways, including centrally (but not confined to): identifying financial crime as a cause

<sup>4</sup> E.g. J.W. Williams, 2012, *Policing the Markets: Inside the Black Box of Securities Enforcement* (Abingdon, Routledge).

<sup>5</sup> D.O. Friedrichs, “Wall Street: Crime Never Sleeps,” in S. Will, S. Handelman and D.C. Brotherton, *How They Got Away With It: White Collar Criminals and the Financial Meltdown* (New York, Columbia University Press: 3-25); J. Welby, 2012, “Repair or Replace: Where do we Start among the Ruins?” *Lecture for Finanzethikon*

(Zurich, 26 October 2012); G. Wilson and S. Wilson, 2013, “The pursuit of ‘socially useful banking’ in twenty-first century Britain and exploring Victorian interactions between law, religion and financial marketplace values,” *Nottingham Law Journal*, 22: 53-75.

<sup>6</sup> Friedrichs 2013, cf. *supra*; and R. Tomasic, 2011, “The financial crisis and the haphazard pursuit of financial crime,” *Journal of Financial Crime*, 18(1): 7-31.

and effect of the crisis, and how exploring the crisis through the lens of “crime” might impact on traditional understandings of the rhetoric of “crisis” and “financial instability,” “crash” and “panic” etc.; and how the financial crisis might influence enforcement directions and policies relating to financial crime. These analytical focal points also have important connections between them of course, as *Dirty Money* encourages the reader to reflect on, for example through its construction of the “ubiquity of financial crime” [146], and its rich referencing of literature originating in the seminal criminological construct of white-collar crime.

*Dirty Money* shows Professor Ruggiero weaving his illumination of financial crime expertly with a multiplicity of interesting perspectives. By no means are all of these widely associated with the study of white-collar crime, as evident in Professor Ruggiero’s showcasing of Beccaria and Bentham’s reflections on crime and its wider context, together with contributions from Durkheim and Schumpeter emphasizing creative forces arising from the dysfunctional and even destructive externalities emerging from economic and social advancement. This wide-ranging engagement—which also includes classical economics and monetary theory, together with better-trodden and newer perspectives in criminology—also makes this study an intellectual journey across a long timeframe, which is a self-standing feature, as well as providing support for the case studies he uses, looking to show how the financial system and indeed finance itself have become corrupted, producing a financial services industry which “in fact... served nothing [but itself].”<sup>7</sup>

In this regard, Professor Ruggiero’s analysis of the financial crisis-financial crime nexus provides a fresh and insightful approach to a core problematic for financial crime scholarship; succinctly captured by the author as the “struggle juxtaposing criminalization and decriminalization.” And whilst Professor Ruggiero’s conceptualisation of “various shades of grey” [177 et seq] aptly captures sentiments that the crisis has exposed behaviours which were actually violations of existing criminal laws, and also others which are not but should be criminalized, this chapter also shows the author’s engagement with the other above-mentioned emergent trend in commentaries on the crisis; namely, the social impact of financial and wider instability on social well-being.

*Dirty Money* invites its readers to reflect on the realities behind the “periodical crises and bubbles” which are presented as “constant

<sup>7</sup> Welby 2012, cf. *supra*.

companions” [177] for a financial system with a global reach, and which has become embedded as a “mega machine” now framing industrial capitalism by virtue of enjoying the “power to decide what has to be produced, in what quantity, how, where, and when” [177]. Through acknowledging the wider social import of finance Professor Ruggiero demonstrates persuasively how closely these newly prominent analytical directions can run together; how closely the importance of continuing to explore and to question the parameters of financial crime is interlocked with understanding that through its evolution over centuries finance “penetrates all social and natural spheres” [177].

Through his close juxtapositioning of “criminalization and decriminalization” with the importance of preventing future crises Professor Ruggiero has produced a thoughtful and insightful text. Coupling this with a presentation of finance as a manifestly important *social* institution which has been appropriated by and corrupted by power in Western capitalism provides an analysis exploring what is being done in the wake of the crisis, in looking to prevent a further global meltdown, and also shining important light on the obstacles presented for this, including “off shore” [209 et seq] and zero tax [207] “opportunities” (for further corruption). *Dirty Money*’s focus on financial crime specifically within this wider setting ensures that references made to the trope of “financial delinquency” are powerful and stimulating. Whilst this construct might appear highly suitable, it might also appear at first glance to be rather understated, given the text’s remit. But it is given life and effervescence through the story being told about the transformation of finance through corrupting influences, at the heart of which is the narrative of cleanliness and soiling.

The tale told by *Dirty Money* of how money becomes soiled by illegitimate appropriation of financial resources, and whereby this illegitimate appropriation becomes normalized, provides some interesting dynamics for metaphors of “cleanliness” and “soiling.” For this, reference to how religion plays a part in this soiling/cleansing transformation, beginning with how money entered Christian consciousness through the alignment of wealth with medieval preoccupation with the afterlife and salvation brought by it [16], is an interesting perspective, and aligns Professor Ruggiero’s work with a further sphere of interest; namely religion and capitalism.<sup>8</sup> His

<sup>8</sup> E.g. R.H. Tawney, 2015 [1926], *Religion and the Rise of Capitalism* (London, Verso Books); and B. Hilton, 1997 [1989], *Age of Atonement: The Influence of Evangelicalism on Social and Economic Thought, 1785-1865* (Oxford, Oxford University Press).

presentation of the “crisis” case studies and their importance for illustrating money’s transformations through sinfulness and cleanliness in (his postulations of) the embedding of finance as delinquent is, again, interesting and also thought provoking.

*Dirty Money*’s breadth and extensive sphere of engagement are certainly impressive. Further praise is due for the way in which the case studies are themselves melded with key theoretical and analytical perspectives, drawn from numerous disciplines. Professor Ruggiero’s writing style is clear and conducive for drawing the reader in, and his presentation of the key literature he draws on and the approaches he is taking are likely to please those who are already immersed in the spheres and key ideas he is working with, and also those who wish to acquire familiarity with them. The text is also written with humour and wit, and many are likely to appreciate a playfulness he might well have intended in his use of the past, and how this can be directed towards reflections on the current context; for example, in his use of the classic E.A. Ross illumination of the “criminaloid” [1907] in the reference made to the “return of criminaloids” [87], and in his chapter titled the “*hidden* (emphasis added) Wealth of Nations” [200 et seq].

One can always wish for more in a text, and ask if more could have been made of its key reference points. In this case one could ask whether more could have been said about the key case studies in terms of their perceived value and their thematic links to others used; and perhaps whether the religious imagery could have been used more extensively. One can always wish for more when one must also be mindful about what one text can realistically cover. I would have wished to see more explicit discussion of the value of long-timeframe studies in the light of their current popularity in scholarship,<sup>9</sup> and in regulatory discourse.<sup>10</sup> The same can be said of the intellectual justifications for looking to the past in order to illuminate current challenges for society, and the methodological approaches that this might encourage.<sup>11</sup> Overall, *Dirty Money* will make a satisfying read

<sup>9</sup> E.g. C.M. Reinhart and K.S. Rogoff, 2009, *This Time Is Different: Eight Centuries of Financial Folly* (Princeton, Princeton University Press); W. Scheidel, 2017, *The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century* (Princeton, Princeton University Press).

<sup>10</sup> E.g. A. Haldane, “Credit is Trust” (Leeds, Association of Corporate Treasurers speech, 14 Sept. 2009); M. King, *The Today Lecture 2012* (London, BBC Radio 4, 2 May

2012); P. Tucker, 2009, “Regimes for handling bank failures: redrawing the banking social contract,” *Restoring Confidence – Moving Forward* (London, the British Bankers’ Association Annual International Banking Conference, 30 June 2009).

<sup>11</sup> E.g. J. Tosh, [1984] 2015, *The Pursuit of History: Aims, Methods and New Directions in the Study of History* (London/New York, Routledge).

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for anyone whose interests lie in “financial delinquency” and its many faces, however this is configured by individual interests.

S A R A H W I L S O N