Aaron SAHR, *Das Versprechen des Geldes. Eine Praxistheorie des Kredits* (Hamburg, Hamburger Edition HIS Verlagsges, 2017)

The book begins with a story of the author about himself. As a child, he was fascinated by a plastic robot, which he had discovered in a shop window. He could not understand why his parents said that they did not have enough money to buy it for him. Could they not simply go to the bank around the corner and get the money there? It is the thesis of the book that the author's own childhood dream about money being available at any time finally realized itself in the present day epoch of "financialization"—not for everybody, of course, but for the private banks as the key agencies of money creation. The key phenomenon of financialization is a historically unprecedented increase in the volume of money and financial assets during the last 40 years. What is expressed in this trend, Sahr argues, is a qualitative change of the institutional regime of money, and even of the "nature of money" itself. The points are not simply that the circulation of money does not need to be anchored in metal reserves, or that banks are creating new credits and the corresponding debts out of "nothing," without having to rely on savings and deposits already accumulated (these alone would have been anything but novel insights). What the author endeavors, rather, is a frontal attack on what he calls the "commodity theory" (*Warentheorie*) of money, i.e. the idea that money has to do with the exchange of scarce goods and hence has to be kept scarce itself—an idea that he considers to be constitutive of the mainstream not only of economic theory, but also of economic sociology. What the commodity theory overlooks, as the author argues, is that all money is based on credit, and credit, in turn, is based not on scarcity, but on promise and trust. In the age of financialization, money has become a "creative" medium that transcends the confines of the conventional economy and develops according to a logic of self-confirming "trust."

The author does not introduce his alternative interpretations in a straightforward manner, but proceeds step by step, thereby orientating himself to Theodore Schatzki's "theory of practice." What money and credit "are," can be disclosed only from an analysis of the field of social practice, where they are developing. As a field of

Christoph DEUTSCHMANN, University of Tuebingen [christoph.deutschmann@uni-tuebingen.de]
European Journal of Sociology, 58, 3 (2017), pp. 629–633—0003-9756/17/0000-900$07.50per art + $0.10 per page
 doi: 10.1017/S0003975617000480

practice, Sahr concentrates on the financial sector, while largely neglecting the non-financial economy, though money evidently is present there too. (Of course, this prejudges his conclusions to a certain degree.) Practice analysis does not necessarily imply a micro-perspective, as the usual understanding goes. Rather, Sahr insists on the need of a "macroscopic" analysis of the complex interdependencies of balances and debtor-creditor relationships in the financial sector. After (somewhat lengthy) considerations about the nature of "trust" and "mistrust," the author enters into a more detailed analysis of the historical factors promoting the specular expansion of money, credit, financial assets and new financial products since the mid 1970s. He speaks of a "golden age of credit," that was characterized by a continuous "expansion of trust," and a complementary erosion of "mistrust." Again, the developments often described by the financialization literature are recapitulated here: the exploding circulation of derivative financial products, the spread of "securitization" techniques, the dismantling of capital market controls and of legal firewalls against unsound financial practices, the politically backed expansion of shadow banking and tax oases, the reduction of capital resource requirements, the removal of safety networks. Ratings, securities and balances have lost their former functions as indicators of creditworthiness, as the author argues, and have been transformed into vehicles of "creative" and trust-based credit expansion. Still, many people are wondering how all this could be possible, and there is no lack of explanations suggested in the literature. Sahr selects three of them, which he deems to be the most convincing. First, he points to the increasing influence of financial market algorithms on credit decisions, which have the illusionary effect of transforming genuine uncertainty into calculable risk, as Paul Windolf put it more than ten years ago (an author whom Sahr does not cite). As a second point, he emphasizes the importance of implicit political guarantees for big financial market actors, which became effective on a large scale after the financial crisis of 2007/2008 (the "too big to fail" syndrome). Third, Sahr focuses on the increasingly recursive character of debtor-creditor relations, which—in combination with the increasing concentration of the banking sector—has the effect of large banks factually being indebted to no one else but themselves.

As an empirical diagnosis, this is clearly helpful and largely convincing, though not fundamentally new. Does it really provide a sufficient basis on which to proclaim a new "theory" of money? After

https://doi.org/10.1017/S0003975617000480 Published online by Cambridge University Press

all, financial bubbles are anything but unheard of; in their often-cited overview, Kindleberger and Aliber have counted no less than 38 of them in the history of capitalism, not even including the dotcom-bubble of 2001/02 or the 2007/08 crisis. Admittedly, the recent financialization bubble distinguishes itself by its historically unprecedented size as well as by its abnormal continuity even after the last crisis. Different from the pattern to be observed in earlier crises, the bubble did not burst after the 2007/2008 crisis, but governments and central banks did their utmost to pump fresh air into it, and to stabilize it by "rescue" measures and so-called "quantitative easing" policies, which are continuing up to the present day. As a result, interest rates in the advanced industrial economies have reached historical lows of zero or even negative values. Perhaps, one could speak of a super-bubble; nevertheless, it remains a bubble. Imagine that, by some accident, the entire superstructure of derivative financial products and inflated assets would wither away at one stroke, with the exception only of the primary bank accounts of households, firms and states. Would that really do much harm to the non-financial rest of society?

In some sense, Sahr falls victim to the epistemological traps inherent in the "practice-theoretical" approach chosen. Which theory of money we deem right depends on the practice field selected for analysis. If, like Sahr, we are focusing on the field of present day financial practices, then there is clear evidence for his view that his childhood dream has become true. Still, however, the financial sector does not cover the entire economy and society; still there exists a world outside of it. Would the author have focused on the non-financial economic world instead, he would have discovered a field of practice where money continues to be scarce, where credit is not unlimited and people finally have to pay their debts, where—in other words—the commodity theory of money continues to be highly relevant. Still, many among the poorer 50-60 % of households face difficulties in getting by with their monthly paychecks, bankruptcies and insolvencies have become even more frequent than they have ever been, and consultancy for over-indebted households has become a flourishing business. The upshot is that both Sahr's "creative" theory of money as well as the commodity theory of money, which he is attacking, can claim high plausibility and can be justified with good reasons. The challenge would have been to go into a deeper analysis of the tensions arising from the coexistence between creative banking and the continuing scarcity of money in the "real" economy, and to explicate the corresponding paradoxes in the theory of money. Regrettably, the author seems to recognize this only at the very end of the book ("*Tote Winkel*": 342)

A further problem of the book is that the author tends to give a spurious plausibility to his own position by oversimplifying the position of his opponents. He wants to develop a theoretical alternative to the "commodity theory" of money, but what does that mean in precise terms? Sociological theorists of money, whom Sahr is largely drawing upon, have interpreted money as a social medium of exchange—exchange, however, not of "goods," as Sahr recapitulates their positions inaccurately. Rather, what is getting exchanged at markets with the help of money are not things but *private property rights* over an indefinite realm of objects. Scarcity is not a natural quality of objects, but a code constituting a particular mode of societal communication, as Luhmann had made clear. While private property rights are by definition scarce, the "objects" that property rights are related to, neither need to be scarce, nor to be "material" in any sense at all. Some objects become tradeable only due to artificial interventions making them scarce (e.g. patents, or pollution rights). In many cases, market exchange extends to "objects" or services of an essentially non-material character (e.g. working power, or therapy hours). Thus, the so-called "real" economy is developing on a basis that is contingent, innovative and dynamic by itself—a point that was emphasized by Schumpeter and the evolutionary economics approaches following him. Even the "real" economy does not display those qualities as an observable and calculable "thing" which is attributed to it by mainstream economic theory; here Sahr tends to follow too readily the misconceptions of economic theory about its own object. Hence, it should be no surprise that money and credit, in order to adapt to the contingent and dynamic reality of markets, must be contingent and dynamic too. This does, nevertheless, not mean that money can be created solely according to a logic of self-confirming "trust", as Sahr contends. If this were true, the finance system would divorce itself completely from its societal function of communicating private property rights. Despite the super-bubble that has developed in the financial sector, it is obvious that we are still far away from that point. Money and credit are moving in a "corridor" set not by the finance subsystem alone, but by billions of micro-, meso- and macro-decisions set in the economy and society as a whole—a corridor, however, whose confines can never be known in advance, but only ex post. To conclude: Sahr proposes a radical, provoking interpretation of money that is worth following further; however, he is still far away from having thoroughly elaborated all the implications.

CHRISTOPH DEUTSCHMANN

https://doi.org/10.1017/S0003975617000480 Published online by Cambridge University Press