Activism in the Age of Financialization

About: Michel Feher, *Rated Agency: Investee Politics in a Speculative Age*, Zone Books

By Jacob Hamburger

By transforming capitalism, the hegemony of finance has created new sites of social struggle. How can citizens regain a form of collective agency in the speculative process? A new book by the philosopher Michel Feher imagines a politics capable of responding to the dominance of finance.

During the 2011 Occupy Wall Street protests, the decision to camp out in lower Manhattan struck many commentators as unusual. If the right quickly dismissed the movement as kids blaming "fat cat" bankers for their own problems, many liberals began to fear that Occupy-style politics would turn younger generations away from the democratic process. Though the movement helped give rise to a critique of electoral politics that remains influential, these fears were misplaced: the aim of the Occupiers was to draw attention to the role finance plays in undermining democratic initiatives to improve the lives of the majority. In their narrative, governments have put banks and investors ahead of constituents, bailing out financial institutions while imposing austerity on the "ninety-nine percent."

The European left too has faced these constraints on democratic politics. EU rules that favor bondholders and investor preferences for flexible labor markets and low social spending have repeatedly thwarted the aims of elected left parties. François Hollande won the French presidency in 2012 promising to confront the influence of bankers, only to enact labor reforms that paved the way for his successor Emmanuel Macron—who has made bringing France in line with creditor-friendly standards his top priority. The power of creditors to dictate terms to elected leaders appeared most plainly in Greece, when Alexis Tsipras was cowed into accepting a further dose of the austerity he had promised to end. The failure of European left parties to assert their autonomy from finance capital has brought them to the brink of extinction, and newer movements have yet to make clear how they can learn from their successors' mistakes.

A new book by the philosopher Michel Feher takes on the crucial task of imagining a politics capable of responding to the dominance of finance. Feher's project focuses on a major consequence of the neoliberal turn: the centrality of speculative investment in the contemporary economy. Though this "financialization" was not an intended result of the architects of neoliberalism, it has had a profound impact on the scope of political possibilities today. And despite the formidable constraints a financialized economy places on the democratic left, Feher believes it is possible to find within its logic the tools for social change.

Shareholder Democracy

For Feher, the financial deregulation that began in the 1980s led to a profound transformation in capitalist economies. If the main task of capitalism in its classic form was to extract profits from productive labor, financialization empowered another realm of economic activity: speculative markets, whose defining characteristic is "their ability to select the kinds of endeavors that deserve resources." In the contemporary economy, the most important decisions are not necessarily managerial initiatives to maximize revenues and minimize costs, but rather investor predictions of which assets are likely to yield a return.

Though in principle valuations of assets like corporate shares or government bonds may be based on real economic indicators like profitability or productivity, in practice investment decisions are often influenced by what Keynes referred to as "animal spirits." Neoliberal theorists like Gary Becker or Wilhelm Röpke dreamed of creating a world fully subject to the economizing logic of the entrepreneur. Instead, financialized capitalism has empowered the mindset of the investor, subject to passing trends and unpredictable instincts. *Rated Agency* traces the implications of this shift towards an economy centered around the "allocation of credit" for activist organizing, both in the world of work and in democratic politics.

Feher begins with the impact of the financial turn on corporate governance. The explosion in stock market speculation has had the effect of subordinating management and employees alike to shareholders. Executives have learned that their responsibility is less to achieve long-term profitability—as was obvious to their post-war counterparts—than to deliver a return on investment for the firm's owners. As a result, investors have an enormous influence over a company's priorities. The situation is particularly acute for start-ups, dependent on venture-capitalist predictions of which projects are likely to create lucrative new markets down the road. Many of today's behemoth firms like Facebook and Uber succeeded in convincing investors of their creditworthiness long before they knew how they might actually turn a profit.

Feher observes that these changes have had two major consequences for labor. First, stock markets have tended to favor rapid cuts to a firm's payroll. Though in many cases labor-intensive activities may be profitable, layoffs have long been a reliable means of signaling a company's commitment to efficient management to investors. Second, as Feher writes, "once employers are compelled to tailor their decisions to investors' preferences, their disempowerment effectively downgrades the bargaining power of their employees." When workers demand better wages and conditions, their bosses throw up their hands. If they give the workers what they want, they claim, the firm's creditors will take their investments elsewhere. Increasingly, ventures in the "gig economy" claim to offer workers a new form of autonomy in the place of secure, unionized wage labor. This promise of autonomy, Feher concludes, is disingenuous—masking a drastic reduction in labor's power in the overall economic order.

This shift in corporate governance has its parallels at the level of the state. Having slashed individual and corporate tax rates, governments overwhelmingly rely on debt-financing through the issuing of bonds. "Though pledged to the voters who elect them," Feher explains," states thereby become "subject to the whims of bondholders" in order to keep themselves funded. Like corporate who favor cuts in labor expenses, bondholders tend to associate a country's "attractivity" with cuts to social spending, as well as "flexible" labor market policies. Bondholders are particularly good at imposing their preferences because unlike voters—who can effectively register their choices only on election day—they can threaten to sell at any moment.

Since the advent of "Third Way" politics in the 1990s, Feher observes, liberal and social-democratic parties redefined their responsibilities in terms compatible with the financial economy. If states can no longer promise stable employment and increased quality of life, they can help individuals adapt to the "flexible" markets sought by bondholders. This assistance might take the form of easy access to consumer credit to compensate for lost purchasing power—as was a priority of the Clinton and George W. Bush administrations—or Macron's pledge to help find new careers for workers stripped of job protections. Such promises have nonetheless failed to dispel the widespread feeling in many countries that established parties no longer represent them. Popular anger at the kinds of measures elected officials take in order to increase their countries' attractiveness to bondholders, seen most recently in in France's *gilets jaunes* revolt, now finds itself largely without adequate institutions to translate into political change.

Stakeholders of the World, Unite!

In what Feher calls "a speculative age," prospects appear to be bleak for both labor organizing and electoral politics. Traditional activist strategies aim at putting pressure on corporate management or elected officials through collective action. The investors who set the terms of today's financialized economy, however, have learned to insulate themselves from struggles in the workplace or at the ballot box. Feher is nonetheless convinced there is a solution for activists willing to rethink their position in the current economic order.

Despite his belief in the relative impotence of trade-unionism today, Feher looks towards the emergence of the labor movement as a guide for how to turn the logic of capitalism against itself. Seeking to maximize their profits, capitalist bosses offered workers meager wages for long hours of hard work. To justify these conditions, they insisted that workers had agreed to them as autonomous economic agents, or "free laborers." For Feher, the original insight of labor militants was that they could take the bosses at their word: by organizing unions, they could in fact negotiate with management on equal terms. And by threatening to strike, workers could make it more costly to maintain the most abusive labor practices.

Feher believes a similar insight is required for an economy where the central conflict is no longer between employers and employees, but rather between investors and "investees." If investors are those with the power of deciding where credit gets allocated, investees are "project bearers" who hope to be deemed worthy of investment. Most of us are not start-up entrepreneurs—we will never be able to get in the room with venture capitalists—but Feher's argument is that we all nonetheless share in the investee condition. No matter who we are, investor decisions both concern our well-being, and can be affected by our actions. Feher believes that it is therefore possible for investees to organize collectively in order to alter the terms of credit allocation.

"Investee activism" is Feher's term for efforts to disrupt the reigning standards by which investments are made. Just as unions extract concessions by making the most abusive labor practices unprofitable, "investee activists" must seek to "make the techniques of corporate governance and public administration currently appreciated by financial markets seem unduly risky." One strategy Feher highlights involves exploiting the ambiguities of "corporate social responsibility." Modern corporations take seriously the notion that they must at least be perceived as having a positive impact on society, because they know that major revelations of wrongdoing might spook their shareholders. A reputation for "social responsibility" is intimately linked to a corporation's attractiveness, as executives frequently acknowledge in their praise for "doing well by doing good."

If seen as part of a broader effort to attack corporations' attractiveness to investors, Feher sees tactics like staging boycotts and targeted direct actions as effective mean to organize against firms that engage in socially destructive activity. He cites as recent successes the boycott organized against Uber for its attempt to break a taxi strike against Donald Trump's 2017 "Muslim ban," as well as the indigenous protesters who have pressured cities to divest from firms that funded the Dakota Access Pipeline. Feher insists that these tactics should not be understood as attempts to raise consumer awareness, or to build a "conscious capitalism." Rather, they enable everyone affected or concerned by the actions of these corporations—often referred to as "stakeholders"—to exert a form of collective agency in the speculative process.

The ultimate goal of "investee activism" is to use this agency not only to attack the funding model of harmful economic actors, but also to put forward "alternative projects" in line with the goals of social justice. Feher imagines that activist "stakeholder" collectives could one day serve as an alternative to credit-rating agencies, making authoritative assessments of which investments are most or least beneficial to workers or the planet. He would also hope to see "gig economy" platforms like Uber or TaskRabbit replaced by worker co-operatives, which would appropriate their user rating systems in order to allow workers to appreciate their own personal credit.

A New Proletariat?

Feher anticipates that many on the left will be alarmed by his program, which seems to concede quite a lot to the logic of finance. Even an aggressive campaign to align investment decisions with social justice might be something bankers are willing to live with. Feher's reply is that in the early days of the labor movement, it too had to "concede" capitalism's notion of wage labor. No less than their predecessors, investee activists aim to appropriate the logic of the contemporary form of capitalism in order to dictate their own terms.

Still, *Rated Agency* may easily underwhelm a reader who expects to come away with a radically new set of activist proposals. Though Feher provides a compelling conceptual framework for understanding the tactics he identifies—boycotts, divestment campaigns, co-ops, etc.—are all familiar practices. The success stories he points to are mostly either still in their early stages, or relatively limited in their geographical scope.

The value of Feher's project is not so much that it supplies us with a workable program, but that it takes up the challenge of imagining a "politics in a speculative age" in the first place. Though the left has spent the better part of a decade grappling with role of finance in the contemporary world, Feher is right that progressive visions of the future too often end up looking like a return the pre-financialized past. It is probably not technically possible to reinstate the Fordist system of stable, well-compensated wage labor without ruining the planet or recreating the social exclusions of that period. But even if it were, Feher asks the more important question: given the labor movement's current position of weakness, what social actor can bring about this sort of change?

It is tempting to read *Rated Agency* as an obituary for working-class politics, the "investee" serving as a new proletariat in a rehashed Marxist philosophy of history. Feher's aim, however, is not so much to dismiss labor as a relevant site of contestation, but rather to fit workers' struggles within a conceptual framework better adapted to today's economic conditions. "Gig economy" co-operatives, such as the Denver taxi co-operative that successfully competes with Uber and Lyft, are one example of an investee approach to labor organizing. Groups like the Coalition of Immokalee workers—which mobilizes Florida agricultural workers, barred from collective bargaining, alongside other "stakeholders" to target the reputation of abusive actors in the food industry—are another. Feher believes that it will be impossible to imagine a viable future without reimaging activist strategies in light of present reality.

Feher adopts to a similar approach to revitalizing democratic politics. He is wary of the urge to "restore" popular sovereignty by creating a protected space for democracy, walled off from finance capital by national borders. Such a conception of politics is not only in his view nostalgic—he identifies it in the strategy of "left-wing populists," which he dismisses as a poor imitation of its rivals on the right—it also is doomed to meet the same fate as the twentieth-century project of "socialism in one country." Feher's alternative is for left political activists to emulate the constant pressure bondholders are able to exert on elected governments. Tactics like occupations of streets and squares, or shaming guilty politicians in public, allow for a "continuous harassment" that can make it as costly to ignore their constituents as it is to ignore their creditors.

Rated Agency makes clear that the problems financialization poses for labor and democratic struggles cannot be ignored. At the same time, it provides only bits and pieces of a left strategy capable of resisting the grip of investors on public life. If Feher has laid the foundation for a possible activist program, its details remain a matter for further speculation.

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