The Decivilising Effects Of The Financial System

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Abstract: *This paper focuses on the financial system as a global figuration in order to analyse its social logic of functioning and its connections with certain models of sociability and behaviour. As a global figuration, the financial system can be considered the result of the confluence of a triple vector of forces: a) the formation of competition spirals; b) the constitution of a complex web of interdependences and c) the constitution of a set of limits for the action of external constraints over the participants in the name of financial self-regulation. This triple vector is related to a model of sociability and behaviour based on a) the social production of indifference; b) the logic of the free-rider and c) the promotion of dis-identification patterns between the financial established and the financial outsiders. In sum, this paper proposes a framework of a figurational approach to the financial system, both in its macro- and micro-sociological dimensions.*

Keywords: *social processes, civilisation, decivilisation, financial system, Norbert Elias, financial crisis.*

Introduction

The current financial crisis is an interesting and, at the same time, intriguing issue for any social scientist. Its manifestations across the globe, its development and its consequences constitute a challenge for many theoretical frameworks commonly used by sociologists (Caraça and Cardoso 2012). In this paper, this challenge is addressed to figurational-processual sociology or, in other words, to the body of knowledge based on Norbert Elias's theory of civilising and decivilising processes.

Obviously, the financial crisis presents multiple dimensions and levels that might be considered for analysis. In order to define its limits and scope, this paper will focus specifically on the role played by the financial system, as well as on the social consequences of financialisation. My analysis will be carried out according to a figurational-processual approach and it will allow us a) to understand the logic of the financial system and to assess the social effects of its functioning in terms of civilising-decivilising trends, and b) to discuss one of the most firmly well-established principles of figurational-processual sociology: the civilising effects associated with the lengthening of chains of interdependence.

The financial system is a perfect example of such chains with an unequivocally global extension. But as I will demonstrate, it is extremely tendentious to state that interdependence (or financial interdependence in this case), always produces civilising effects. My thesis is that a statement of this nature usually forgets the ambivalent effects of interdependence and the complex relationship between its civilising and decivilising potential. The first section of the paper deals with the meanings and contents of interdependence and decivilisation as theoretical concepts. The second section offers an analysis of the financial system understood as a global figuration characterised by three main vectors: competition spirals, extreme complexity and the intentional–unintentional disabling of regulatory patterns. The third section is focused on the decivilising effects of the financial figuration on both a macro-social and a micro-social level.

1. Interdependence and Decivilisation

One of the main assumptions in Norbert Elias's theoretical framework is the emphasis on interdependence as a structural foundation of civilising processes (Elias 1987: 449–532). In fact, Elias adopts a classical Durkheimian postulate on functional differentiation as a source of social cohesion: the more differentiated social functions are, the larger the number of people that individuals need to satisfy their vital needs. Therefore, interdependence goes beyond the simple face-to-face interaction or the physical meeting between people. It refers to the sort of links, based on complementary roles and functions, which permit the coordination of social activities. In sum, interdependence increases with the growth of functional differentiation.

But interdependence is not an aseptic or neutral relationship: it always implies a power balance (Elias 1990: 85–107). One pole of the balance usually has more power opportunities to impose its interests and actions. So, the ability to determine a concrete final result is intensified when the power balance becomes progressively unequal. Interdependence has a relational and dynamic nature; that is to say, the power balance is always exposed to changes and, by extension, exposed to being modified. Interdependence and power balance are synthesised by Elias in a distinctive concept: functional democratisation. He illustrates this notion theoretically through several 'game models' where interdependence and power ratios are more or less balanced (Elias 1999: 94–117). In this manner, Elias refers to the process through which longer, more complex and more differentiated chains of interdependence produce a decrease in power differentials between groups and individuals. The explanation for this is that roles, activities and functions become more reciprocally dependent and, in this way, groups and individuals can exert greater reciprocal control on each other.

'More people are forced more often to pay more and more attention to more and more other people'. With this phrase, Johan Goudsblom (quoted in Mennell 2007: 17) summarises the connection between interdependence and power, and takes a step towards an integrated view of the relationship between interdependence, behaviour and emotional regulation. In other words, what Goudsblom is foregrounding is the effect of interdependence on the affective economy of individuals. As Norbert Elias demonstrated in *On the Process of Civilisation*, interdependence in the long-term is closely related to the production of social discipline. When individuals become progressively interdependent they need to take into account the effects of their actions upon other individuals and they need to adjust their behaviour to others with the purpose of fulfilling their own functions and letting the others to fulfil theirs. In other words, a functional democratisation process is associated with the strengthening of interdependence webs and a more balanced power ratio. In the majority of Western societies, this process connects the pacification of social life (through state control of violence), the collectivisation of social risks (through the welfare system), and the increase of a mutual sense of identification towards excluded, marginalised or secondary groups, such as the poor, workers, women, homosexuals, emigrants and minorities (Mennell 2014b).

As a result, there is social pressure towards self-control. This includes the development of skills such asforesight – in order to anticipate the behaviour of others and the consequences of their actions – or a more empathic interpretation of the human personality. In brief, people develop a self-constraint apparatus that is more all-around and more stable. In a Durkheimian sense, interdependence is seen as a vehicle for a more integrated society. In Eliasian terms, interdependence has civilising effects on both the macro- and microsociological levels. However, this statement needs to be discussed. My purpose is not to deny the civilising effects of interdependence but, on the one hand, to clarify its decivilising consequences and, on the other hand, to note the dynamic relationship between civilising and decivilising forces/trends.

Decivilisation is also a relevant issue for Norbert Elias. Many times, his work is exclusively associated with the civilising process while his contributions to 'the other side of the coin' (Mennell 2001) – decivilising trends – are too often neglected. In this respect, and at a more advanced stage of his career, Elias opened his theoretical framework in a more explicit way to decivilisation and to decivilising processes. Thus, decivilisation was referred to by him as a regression in civilising processes, as a breakdown of civilisation, as a product of the dialectical balance between centrifugal and centripetal social forces or as a conceivable direction for a non-linear civilisation process (Elias 1996: 301–402; 1997: 370; 1999: 188–189). In spite of this, Elias's writings in this field were not as systematic and in-depth as his works on civilising processes. Beyond his texts on the Holocaust and its relationship with the German national habitus, Elias offered his clearest assessment of what a decivilising process is or may be in *Humana Conditio* (Elias 2002). The book analyses the USA and USSR power balance and its tensions during the post-Second World War era. This nuclear figuration brings together all the significant elements for a study of decivilising trends: an extraordinary potential of destruction, the decreasing of mutual identification between the nuclear powers and their allies, the emotional attachment to the situation illustrated by rumours, secret conspiracies and imaginary invasions, or the predominance of external constraints as a guide for political action, namely, the threat represented by the nuclear enemy.

The decivilisation issue has been further developed and better studied by the disciples and followers of Elias (Mennell 1989, 1990, 2001; Dunning and Mennell 1998; Fletcher 1997). The main subjects discussed in this domain are directly or indirectly related to violence, genocide, mass extermination and social exclusion (Van Krieken 1999; Wacquant 2001; De Swaan 1997, 2001). So far, these books and essays have been considered, if I may say so, the prototypical candidates for fulfilling the analytical category of decivilisation. Prototypical because they bring together some of the most observable and valuable elements for an Eliasian approach: the fragmentation of the monopoly of violence, the promotion of violent cultures, the production of dis-identification patterns or the volatility of self-control standards.

This paper proposes a very different candidate for such an analytical category. In this case, the focus is on the decivilising effects of interdependence or, in other words, on decivilisation as the *result* of increasing social complexity and growing interdependence. Specifically, what I want to assert is that financial interdependence and the financial system as a global figuration are sources of decivilising trends. This perspective is not entirely new and presents strong convergences with Stephen Mennell's works on functional de-democratisation. According to Mennell, it is possible to combine high levels of interdependence with unequal power ratios between social groups. For him, unlike Elias's view, interdependence is not always connected to the emergence of a more integrated society with more equal power ratios. Indeed, his work on the American civilising process shows the contradictory and decivilising effect of interdependence in terms of an increase in social inequality both at the national and international levels (Mennell 2014a, 2014b, 2007: 254–262). While Mennell focuses his attention on tendencies of growing inequality, my perspective is centred on the perverse effect of financial interdependence and the routine functioning and logic of the financial system as a global figuration.

2. The financial system as a global figuration

One of the most recent and fruitful theoretical approaches to finance is related to the concept of financialisation. There is no unequivocal or precise definition of this concept, but if we accept Epstein's (2005) operational definition, it is possible to refer several contents related to it:

a) Predominance of shareholder-value creation as the main criterion for corporate governance.

b) Predominance of capital grounded and located on/in financial markets.

c) Dominance and rapid expansion of financial trading.

d) Patterns of accumulation based on financial profits.

e) Ascendancy of a global rentier class.

Overall, financialisation is defined by the predominance of financial reasons, markets, mentalities, actors and institutions at the national and transnational levels (Langley 2007; Alonso and Fernández Rodríguez 2012). However, financialisation is not a static state of things, but the ongoing result of a historical process linked to the development of the financial system on a global scale. This historical dimension is clearly analysed by Heilbron (2005), who reconstructs the constellation of investors, states, agencies, governments, laws, regulators, costumers, analysts, traders and brokers and their internal connections – a constellation which allows us to think of the financial system as a figuration. A complete and systematic description of this figuration is outside the scope of this paper. Therefore according to my initial goal, I will examine the operational logic of the financial system, applying a figurational perspective.

As a starting point, I will use the analogy between dance and figuration proposed by Elias in *What is Sociology* (1999: 158). Specifically, the words of Chuck Prince, former CEO of Citigroup, are a vivid way of remembering that analogy: 'When the music stops, in terms of liquidity, things will be complicated. But as long as the music is playing, you've got to get up and dance. We're still dancing' (Nakamoto and Wighton 2007). Why is this quotation relevant here? Chuck Prince presents the financial system as an 'artefact' whose logic and movement are produced by its participants but whose final 'product' is autonomous from their will. So, this 'product' or, in other words, the final result brought about by the aggregation of multiple intentional actions is, by virtue of that logic and movement, different from the initial intentions of the financial actors. Such logic and movement can be explained by the confluence of three elements: complexity, competition and the imbalance between financial regulation and financial innovation.

2.1. Complexity

The global financial figuration is a complex and dense web of interdependencies. This web a) is constituted by an undetermined number of participants, both in particular and in institutional terms; b) does not have an unequivocal and well-defined limit; and c) its internal power balance is exposed to a continuous and daily reformulation. Historically, this figuration develops from a combination of economic growth (associated with the evolution of monetary economy), the action of the state and the reciprocal benefits between pacified territories (the state monopoly of violence guarantees the necessary stability and predictability of social life, the basic requirements for financial activities), and the financing of state expansion or consolidation (that is, funding for wars). Initially, financial links were supported by face-to-face interaction but the introduction of technical means has progressively transformed these contacts up to the present day (Newton 2003). A technologically mediated interaction through computer terminals is the dominant type of interaction in current financial markets. This is what Knorr-Cetina and Brueger (2002) identify as a presence–response interaction: actors interact in real time – they respond simultaneously to each other thanks to information technologies. Therefore, such conditions permit an almost infinite expansion of financial interdependencies as well as their geographical dispersion.

The global financial figuration does not have an unequivocal centre. If we use an analogy with the court society figuration (not global, but European and transnational), in that figuration courtiers knew which was the main point of reference: Paris, Versailles, Madrid or Lisbon assumed this role during different times and conjunctures in the modern age. Nowadays, Wall Street, the City of London or Tokyo are obvious reference points for financial actors. But the structural properties of the current financial global figuration – such as legal deregulation, technological mediated interaction, financial innovation and, in general, its dynamism – challenge the notion of there being a unique and absolute centre (Pryke and Lee 1995). As a global network, this figuration has nodules with different power ratios. These ratios explain the influence exerted over the circulation of capital, the ability to attract financial actors, and the capacity for developing a financial industry and support services around such nodules. So, as Pryke and Lee point out, that dynamism erodes the importance of the physical space, although the location is still pertinent (Pryke and Lee 1995: 331). As we shall see in the next sections, more relevant for this paper are the social consequences of this complexity related to the absence of an exclusive reference point, namely what I shall call the social production of indifference.

2.2. Regulation versus innovation

One of the most controversial topics related to the financial crisis is regulation. The debate is usually focused on the weakness or the absence of a clear and rigorous set of rules that can control and forbid dangerous and risky financial practices (Crotty 2009). Such a diagnosis is essentially correct, but it is partial: when the financial crisis is presented as the result of a de-regulation process it is common not to take into account some relevant elements which are crucial for a more complete and accurate picture of this crisis. Posing the question in an alternative way, it is necessary to think in terms of the balance between external and internal constraints in the functioning of the financial figuration, as well as to consider its connections with complexity and competence.

a) As I noted above, the process of financial de-regulation is a fact. It does not explain everything, but ignoring its importance would be a serious mistake. Since the 1970s, regulation has been gradually dismantled and reduced according to the doctrine of the efficiency of self-regulated financial markets. In other words, it was assumed that external constraints are disruptive of financial innovation and, for that reason, they are an obstacle to the increase of financial profits. So, internal constraints or the capacity for self-regulation have been presented as the only tolerable and desirable criteria for financial activity (Avgouleas 2009; Teles 2009).

b) However, that does not mean that regulation and regulators have disappeared. In truth, together with the dismantling of regulation, there took place what Stiglitz (2013: 118) refers to as the cognitive capture of regulators: when regulators and regulated share the same mentality and the same intellectual and emotional commitment towards financial de-regulation, financial innovation is seen as an intrinsically positive factor which depends exclusively on the creativity and self-regulation of financial actors. For instance, a vivid example of this view can be found in Alan Greenspan's *The Age of Turbulence* (2011), where the former chairman of the Federal Reserve explains and defends his position on and trust in self-regulation as the only effective means to be used by regulators in order to deal with the financial system. In short, in cases of cognitive capture, there is little or nothing to regulate. The obvious counterpart of this is an uncritical and dogmatic confidence in self-regulation.

c) In financial activities, the relationship between external regulation and self-regulation as a condition for innovation is dynamic. This dynamic is explained, as will be noted later, by competition: in a context of competitive pressure where participants are searching to increase financial returns, each new regulatory attempt is met with an innovative product, service or operation in order to establish a difference with other competitors and to obtain additional benefits.

d) Financial regulation is not unequivocal. There are different regulatory regimes as well as different geographical and institutional points which produce financial regulation. Consequently, as I referred above, there is no global centre that is capable of acting as a main regulatory point of reference (Crotty and Epstein 2009).

In these conditions, the tension balance between external control and self-control dynamics is always favourable to self-control. In my opinion, there are two main reasons for this trend. The first and most obvious is related to the conscious and intentional process of decommissioning and deactivation of financial regulation in the name of self-regulation. In this case, the imbalance is the result of a certain financial policy or, otherwise, is a looked-for and wanted outcome. The second reason is related to the intrinsic difficulty of regulating an extremely complex system. The global financial figuration a) comprises an infinite number of interdependence links; b) between an indefinite number of participants; c) without an unambiguous and undisputed centre serving as an unequivocal regulatory point; and d) has the ability to react dynamically to any regulatory initiative in order to maintain or to augment financial profits. In this context, self-regulation is the unintended result of the lack of effectiveness of regulation conceived as an external control mechanism for financial actors.

2.3. Competition

As was previously noted, the global financial figuration lacks an effective regulatory model. At the same time, it presents extreme complexity, to which is added competition as the driving force of its functioning. For financial actors, the appetite for profit maximisation is the main criterion of their moral economy (Cassidy

2009) in what Mennell (2014a) calls the 'Greed is Good Syndrome'. Profit maximisation constitutes a powerful incentive for taking more risk and reducing the investment return term in financial operations (Kindleberger and Aliber 2005). Consequently, spirals of competition are formed with an undefined number of participants pushing in the same direction but without the ability to determine the final outcome: it is a blind process. This produces an opacity which does not allow the participants to have foresight or to anticipate the future. As Pixley (2009) demonstrates, in conditions of extreme complexity and competition, financial decisions are taken not by rational analysis but by emotional reasons or 'gut feelings'. At this point, it is useful to return to the image of the fishermen in the maelstrom used by Norbert Elias (1990: 66–67) to illustrate the double-bind between involvement and detachment. Competition spirals feed a dichotomous financial mentality: investors are divided between the emotional involvement provoked by the opportunity of obtaining profits in a speculative dynamic and the rational detachment that is needed for abandoning competition before the speculative bubble bursts.

3. Making decivilisation work

Hitherto, the global financial figuration has been characterised as follows:

a) A complex, profuse and dense web of interdependence connecting financial actors and institutions at both the national and international levels.

b) Competition spirals provoked by participants acting according to a pattern of behaviour based on the maximisation of profits.

c) Opacity generated by the aggregation of an infinite number of intentional actions; a circumstance that does not permit the control of the final outcome of that aggregation.

d) Deactivation, decommissioning and ineffectiveness of financial regulation as a result of intentional plans of deregulation or as an unintentional outcome derived from financial complexity.

These dimensions are the structural conditions that explain some of the most important decivilising effects provoked by the global financial figuration. My aim here is precisely to identify the main characteristics of its effects.

3.1. Social production of indifference

Complex and profuse chains of interdependence, the impossibility of controlling the final outcome of competition spirals, and the opacity of these competitive blind processes prevent the development of the civilising skills that were referred above (see section 1). Those skills are related to increasing the capacity to foresee the consequences for other people of individual actions, to adjusting one's behaviour and emotional expression to others and, in relation to this, to developing a more empathic and reflexive view of their personality. On the contrary, the global financial figuration, because of its characteristics, produces social indifference. This social indifference is produced by the rules of self-interest that govern investor behaviour, the overconfidence placed on self-control as a pattern of regulation and, most importantly, the difficulties in cultivating reflection on the consequences of financial actions. From this point of view, interdependence, as Breuer (1991) proposed, does not produce only civilising effects.

Decivilisation has its own social codes of behaviour. These are a product of the structural conditions of the global financial figuration and, simultaneously, they contribute to its maintenance and reproduction. Elias described how several social codes (courtesy, civility and *politesse*) are associated with certain social conditions (medieval chivalrous communities, Renaissance urban courts and French court society). In the same manner, it is possible to speak of social codes adjusted to the global financial figuration. In fact, ethnographic qualitative approaches confirm that. Several works focused on finance and emotional patterns of regulation illustrate very significant points of these decivilising social codes (Willman *et al.* 2001; Pixley 2004; Hassoun 2005; Fenton *et al.* 2011):

a) Investors usually understand financial activities as a game, under pressure conditions whose unique consequences are obtaining or losing money.

b) A substantial part of the investor emotional experience is not well balanced. Continuous oscillations between fear and euphoria accompanied by a sense of incalculability about the immediate future are common situations.

c) Emotional involvement and gut feelings serve as heuristic criteria for understanding markets' evolution as well as a decision principle. Similarly, when tutorials and handbooks for traders and investors are analysed, they reveal an analogous pattern of behaviour and mentality (Ampudia de Haro 2014):

i) Financial activity is justified by its own logic, namely, winning and losing money. There is no consideration beyond this. So, the proposed model of behaviour is a type of *homo economicus* guided strictly by instrumental reason.

ii) When a financial transaction is done, investors or traders must exclusively think in terms of such a transaction without considering its non-financial consequences. That is possible through a system for rationalising and making more methodical behaviour, in order to achieve an appropriate level of self-control.

Against an interpretation of interdependence in terms of civilising effects, what I propose is to consider the decivilising consequences of financial interdependence. As was pointed out above, the social production of indifference is related to a typical behaviour, mentality and emotionality. Many times, when we speak of decivilisation, attention is devoted to patterns of behaviour that are defined as violent and brutal. However, that is not the only possibility. Production of indifference as a result of financial interdependence is a social mechanism which allows the effects of many financial transactions to be ignored (Davies and McGoey 2012). As Newton (2003: 352) says, 'within such networks, agents in the North such as financers, traders and consumers may exhibit considerable "civilising restraint" while simultaneously helping to inflict barbarity on peoples of the "South" through monetary relations which do little to mitigate against poverty, famine and mass disease'. This quotation is a good starting point for a discussion of this question. When I refer to the social production of indifference, it is necessary to be aware of the complexity of an issue of this nature:

a) Because of the intensity of interdependence and competition, the global financial figuration presents high levels of opacity. This opacity blocks the capacity to discern the meaning and the consequences of the financial action. Bauman uses the concept of 'adiaphorisation' to describe how the increasing distance between individual actions and their consequences promotes indifference to those consequences (Bauman 1993). In financial terms, this distance is made, as I argued, through interdependence and competition. So, the unplanned result derived from the aggregation of multiple intentional actions cannot be attributed to a single actor or action. The attribution of a direct responsibility according to a cause-effect pattern is, in this sense, extremely controversial.

b) At the same time, this structural difficulty in establishing a cause–effect pattern of responsibility is too often used to shrink, disguise or escape from legal responsibility for offenses, frauds and reckless financial bets with an impact on society.

In my opinion, both statements are accurate There are good reasons to support them and, for that motive they pose an ethical and civic dilemma for sociologists (Dunne 2009). Among the 'Figurati' – a vivid expression coined by Jason Hughes to refer to figurationist sociologists (Mennell 2012) – there are several approaches to solving this dilemma. For example, in Matthew Clement's works (2013, 2014), the structural and figurational analysis coexists with a clear attribution of responsibilities to the financial and political elites for recent and current economic and financial crisis.

Stephen Mennell adopts a more cautious position. For him, markets are constituted by 'identifiable powerful players who, in alliances if not alone, can bend countries to their interest' (Mennell 2014b). The identification of these players implies a detached attitude but, simultaneously, 'is not entirely incompatible with attributing blame where blame is shown – where blame is shown with great care and detachment – to be deserved' (Mennell 2014c: 32). No doubt, it is an extraordinarily complex question. In order to attribute a direct responsibility, it may be necessary a) to isolate a concrete action of an individual or institutional actor; b) to determine the action as the main cause of a problematic event; and c) to prove that the actor should have known the effects of his/her/its own action (Van Benthem van der Bergh, 1978).

These requisites must face an undisputable point: the sequence of interwoven actions in a network of interdependencies produces blind and unplanned social processes – a very serious obstacle for a direct attribution. Any systematic and intellectually rigorous analysis of the global financial figuration must recognise the relevance of such an obstacle. However, the same intellectual honesty must lead to the admission that, in the name of 'blind processes', many financial operations are justified without considering their enormous and negative impact on societies' daily lives. The most powerful and, perhaps, most popular of these justifications is based on the logic of free market and its spontaneous and non-directed functioning. The scientific legitimation of this logic goes hand in hand with mainstream neo-liberal economics, supported by academics, think-tanks, universities and research centres as well as politically reinforced by international and transnational organs such as the International Monetary Fund, the World Bank, the European Central Bank or the European Commission.

The logic and rhetoric of free markets frequently offers a justification for hiding and masking the responsibility for the social consequences of certain financial operations. In this sense, one of the solutions proposed for identifying and determining direct responsibility is to impose legal limitations on the financial dynamic, which may permit the definition of a set of acceptable and unacceptable practices: 'making baking boring' according to Paul Krugman (2009) or 'taming the economic aristocracies' according to Reinhard Blomert (2012) will help us to determine direct responsibilities. In this context, such attempts at limitation will always have to deal with financial innovation and the dynamic relationship between financial novelties and legal regulation.

An example will allow us better to understand this complex balance between indifference, responsibility, ignorance, individual actions and collective results. There is strong evidence of a relationship between, on the one hand, commodities future contracts trading and, on the other hand, food crises (Torres López 2010: 98; Vargas and Chantry 2011; Medina Rey and Cascante 2011). After the fall of Lehmann Brothers, many investors moved into the commodities market. During the first five months of 2008, the price of rice increased by 140%, the price of grains and food oil doubled and the price of milk multiplied sevenfold.

Commodity prices tend to vary according to future contracts and the speculative practices linked to them. Obviously, when the prices of these contracts increase, that means that a specific commodity may be sold for a higher value at the end of the contract term. This promotes processes of food accumulation, storage and retention that create a fictitious scarcity which contributes to an increase of the prices. When prices of rice, grain or corn increase, people who live in countries where these products are essential for daily diet (for instance, Bangladesh, Nigeria, Afghanistan, Bolivia) have less disposable income to purchase them. In Western countries, between 10 and 15 per cent of the disposable household income is spent on food, but this range varies between 50 and 90 per cent in countries of the global South (Vargas and Chantry 2011). Financial speculation also has a serious impact on these national economies. Volatility of prices inhibits mid- and long-term planning and has a destabilising effect both in political and economic terms. The most critical situation, as Vargas and Chantry (2011: 23) point out, is when prices of non-food commodities exported by these countries do not increase in parallel with the food commodities that they need to import.

3.2. Decivilising routines

During the last 20 years, the global financial figuration has produced several episodes of national bankruptcies, financial bubbles and bursts and stock market crashes (e.g. the European monetary crisis of 1992–3; the Tokyo stock market crash, 1990–2; the 1994 Mexican crisis; the 1997 Asian crisis; the 1998 Russian financial crisis; 1 the 'dot com' companies crash of 2000–; the 2008 USA sub-prime crisis; and since 2011, the European public debt crisis). Unlike what has been argued by those holding orthodox and neo-liberal views on finance, these episodes are not an exception nor a deviation from a stable 'business as usual' functioning of the financial system. They are the normalised, expected and standardised results of the routine functioning of the global financial figuration. Spirals of competition, the taking of increasing risks, overconfidence in financial self-control and the ineffectiveness of regulation together produce an uncontrolled and unplanned blind process whose final result is implosion and instability. Therefore, according to the financial instability hypothesis formulated by Hyman Minsky (2010), the normal and routine functioning of the global financial figuration determines its own destabilisation.

This destabilisation does not just provoke financial and economic consequences. Obviously, the most visible effects are recession, unemployment and the paralysis of credit and investment. However, there are many other related consequences, including the decline of living standards, the increase of poverty or the rise of divorces or drug consumption (Eichengreen 2004). Therefore, the true impact is not to be found solely in the usual increase or decrease of a set of well-known financial-economic indices. The purpose and the length of this paper do not permit the development of a more extensive alternative set of non-economic/financial effects. For that reason, I will propose a schematic approach accompanied by limited and illustrative empirical evidence. According to this, decivilising effects in the social domain can be grouped in two different categories:

a) *The development of attitudes and behaviour based on free-rider principles*. These patterns emphasise individual interest and are poorly sensitive to a sense of community, empathy and reciprocal identification. In this context, free-rider patterns erode social capital and have a disintegrating effect.

b) *The development of disidentifying attitudes and patterns of behaviour*. These patterns are related to the deliberate production of images, symbols and actions – by media, governments, states organs, corporations and so on – through which processes of rejection, dislike and exclusion of certain social and national groups are sustained.

A very good example of the first of these can be found in an opinion poll about 'the lessons of the crisis' in Spain (Pérez Díaz and Rodríguez 2010). Two-thirds of the population thought that current economic and financial difficulties would make Spaniards less caring persons; crisis would reinforce the principle of 'each man for himself' as the best evidence of a free-rider mentality.

In terms of the second point, one of the most evident of these patterns is the dichotomy between financially responsible and irresponsible European countries – a dichotomy which has been often used by public figures and has filled many minutes and pages of social media. In this sense, it is useful to remember the acronym PIGS, originally coined by the English financial press, for the economies of Portugal, Ireland, Greece and Spain. Or the moralist speeches by Angela Merkel about the necessity to homogenise the retirement age in order to adopt a German standard, because, as she said at that time, 'Germany helps, but only when the others make an effort' (*El País*, 18 May 2011). Or in an even more aggressive and nationalist way, the Finnish populist right-wing leader, Timo Soini made a negative statement about supporting 'the parties of the southern Europeans' in order to finance 'their fun time' (Soto 2011).

One may consider these examples as if they were merely anecdotal. However, they can be interpreted as a symptom of a deeper dis-identification trend. This trend functions as an element for integrating some sectors of European societies through the disintegration of other sectors defined as a threat or as a danger for societal unity (Elias and Scotson 1994). There is empirical evidence that proves the simultaneity of the integrative and disintegrative tendencies related to the reciprocal views between European countries.

The Pew Research Center's Global Attitudes Project (2012) shows how national perceptions are closely associated with the effects of austerity policies adopted in the face of financial and economic turmoil. According to its findings, there is a strong anti-German feeling in Greece (78 per cent of respondents have a negative view of Germany and 84 per cent think the German Chancellor is a bad or a very bad ruler), but, at the same time, there are no EU members with a majority holding a positive view of Greece. Returning to the words of Angela Merkel about 'doing and effort', it is interesting to note that there exists a common view between British, French and Germans about the national character of southern European countries: Greeks, Italians and Spaniards are considered the laziest and the most corrupt of the EU members.

Conclusion

As I have argued in these pages, the global financial figuration has its own logic of functioning. This logic has been explained by a triad of elements: extreme interdependence; extreme competition; and an imbalance between external and internal constraints.

On the one hand, my analysis shows the versatility and the potential of the Eliasian theoretical framework for understanding a highly complex and opaque figuration. On the other hand, this analysis discusses one theoretical assumption of Elias's sociology. As was demonstrated, financial interdependence, has *at the current stage* a substantial decivilising effect. It is necessary to take note of the temporal qualification 'at the current stage', because financial interdependence does not always produce this outcome. In fact, Newton (2003) and Heilbron (2005) provide solid socio-historical evidence of its civilising effects. Without denying this point, this paper has focused on the decivilising consequences of the financial interdependence as it exists and works today.

In other words, in a context of competition and poor or ineffective regulation, this kind of interdependence produces, through its own routine functioning, its own destabilisation. This destabilisation is not just a matter of financial turmoil but also has social consequences in a clear decivilising sense: the erosion of civilising skills and their substitution by free-rider patterns of behaviour together with the development of dis-identification patterns of behaviour and attitudes. If we consider the decivilising effects as a real consequence of the functioning of this global figuration, the next logical step in our reasoning seems clear: has financial interdependence gone too far? Or, in other words, when financial interdependency is lower, are their effects lower too?

The global financial figuration is associated with a growing complexity that poses an intriguing and difficult question: how do we identify the time or the conjuncture in which new advances in financial complexity produce marginal or even negative results for society as a whole? This issue was explored by Joseph Tainter (1988) and, more recently, by Jared Diamond (2006) as one of the main factors underlying long-term processes of social disintegration (Ampudia de Haro 2010). When society increases in complexity, it needs increasing resources, information, or means of coordination to ensure its viability. But at any given time, a new investment in complexity begins to generate diminishing returns in terms of benefit for people and general articulation of social field. Therefore, in these cases, interdependence does not have a positive effect for the progressive integration of society. According to this view, the question is how diminishing returns – that is, the decivilising effects – can be avoided.

One of the most frequent responses to this challenge is to increase or to improve the normative requirements for financial operations. This regulatory solution is based on the creation of an optimum and appropriate framework for the global finance. Simultaneously, this framework is conceptually linked to increasing transparency: because of clear and unequivocal rules, the functioning of global financial figuration becomes predictable and stable, and the financial actors have more accurate information about its functioning. In sum, trusting in supervision, promoting transparency and stimulating the free flow of information are the privileged ways to limit the disruptive impacts of the financial figuration. Thus, when interdependence goes too far (and 'too far' is synonymous with decivilising effects) a mix of regulations and incentives is usually proposed as a remedy. In this sense, the debate about the financial international architecture is a perpetually open issue (Epstein 2009).

Still, the emphasis on regulation does not offer a satisfactory answer for facing up to the negative effects of the global financial figuration. On the one hand, the proposal to combine a legal framework with transparency and, consequently, free flows of information reproduces in a certain way the ideal of the efficient free market hypotheses: a) with the same rules for all economic agents; b) without informative asymmetries between them; c) acting under competitive conditions; d) pursuing their own economic goals; and e) producing the best aggregate result for society in terms of wealth and material well-being (Lordon, 2001). In this context, the distinction between regulation as a solution and regulation as a tool for efficient free markets is often too vague. On the other hand, a new controversial question arises: how is it possible to regulate a figuration which produces unintentional results and is governed by unplanned dynamics? When one takes seriously an Eliasian analysis of this global figuration, with its levels of interdependence and complexity and the absence of a central authority, regulation seems more a well-meaning and voluntarist attempt than a realistic course of action. In this sense, the answer to the question that opened this section should be affirmative: yes, indeed, financial interdependence has gone too far.

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