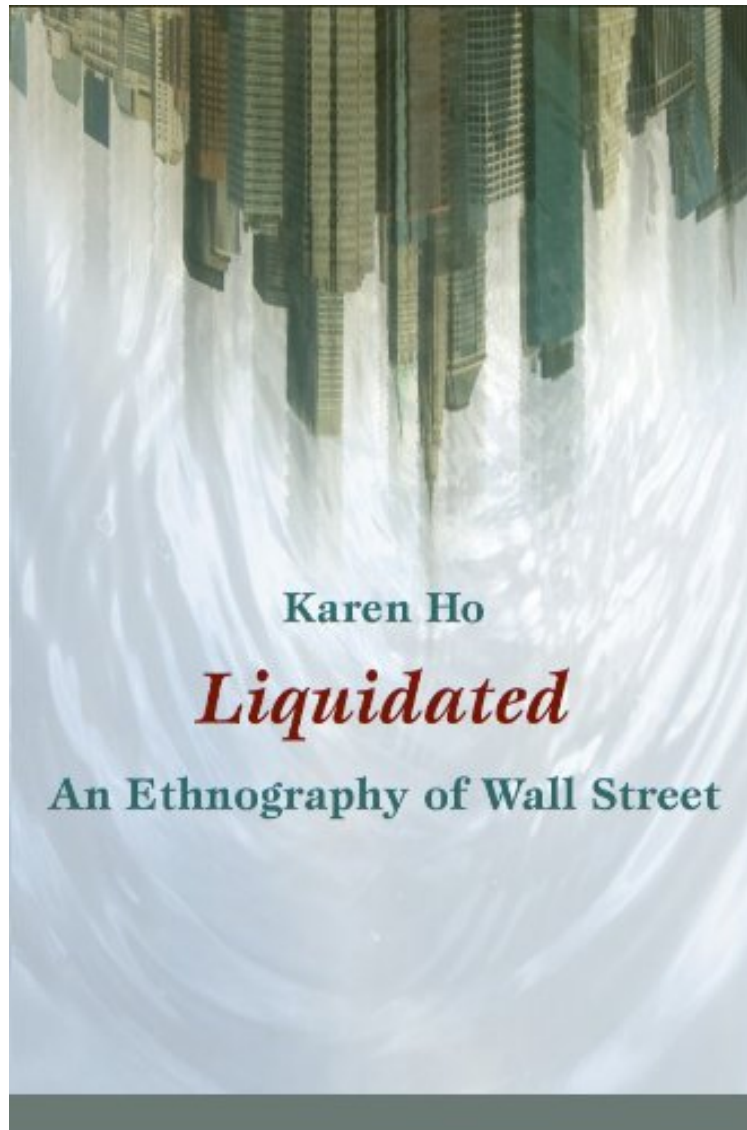


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Liquidated: An Ethnography of Wall Street (a John Hope Franklin Center Book)

Karen Ho

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Karen Ho : Liquidated: An Ethnography of Wall Street (a John Hope Franklin Center Book) before purchasing it in order to gage whether or not it would be worth my time, and all praised Liquidated: An Ethnography of Wall Street (a John Hope Franklin Center Book):

0 of 0 people found the following review helpful. Good But LimitedBy not meKaren Ho is an anthropologist who worked briefly for an investment bank on Wall Street in the 1990s. Her work was cut short by a downsizing, but she later returned to Wall Street to do field research for a PhD. Her topic: the culture of investment banking. Much of her

research was based on interviews with relatively junior analysts and associates; eventually her dissertation was recycled into "Liquidated." The book is packed with interesting insider information about how investment bankers are recruited on Ivy League campuses, how they toil away like slaves in cubicles, and how their lives are warped by the values of greed, competition, and always looking smart. At one point the author says that investment bankers go through life "always looking for the next Harvard" -- which sums things up nicely. If some young person you know is thinking of a career on Wall Street, give him or her a copy of "Liquidated". The book debunks the myth that capitalist markets are like laws of nature, irresistible and beyond moral judgment. In reality, markets are made up of people who have ideologies, interests, networks, and power, all of which shape markets. It is hardly a coincidence, for example, that Wall Street's ideology of "shareholder value" and its mania for corporate restructuring dovetail nicely with the fee-based compensation system of investment bankers. Unfortunately, I couldn't give the book five stars. For one thing, it is dense with anthropological jargon. Even worse, it pretends to offer a grand theory of how finance has shaped global capitalism, even though the author lacked access to top Wall Street managers and to the big company CEOs in the "real economy" who supposedly bow to their demands. To understand how Wall Street fits into the broader economy, we need to know how the big dogs think and network, not the boys and girls in the cubes.

2 of 2 people found the following review helpful. Wall Street Ideologies By Alyssa Watkins Karen Ho's overall argument of *Liquidated: An Ethnography of Wall Street* is to explain globalization of U.S. capitalism through her observations as an anthropologist. The book also aims at understanding why Wall Street's "self-annihilation...has led to constant financial crisis and ever widening socioeconomic inequality." (Ho, p. 10) As anthropologists observe and report on culture, Karen Ho reports on Wall Street as having its own culture. Ho details the everyday life of a Wall Street banker. She blames market booms and crashes on certain ideas that Wall Street has projected onto business owners throughout America, such as Wall Street's thoughts on liquidity and job insecurity. She discusses different levels of social status within investment banking and how these positions are created and acquired. Office space in the buildings of Wall Street are positioned according to hierarchy, with the most elite of the bankers on the top floors and the lesser-paid bankers closer to ground level. She notices the impuissant relationship between high and low status bankers and the role it plays in social settings. Apart from the annual Christmas party, interaction between levels of hierarchy is practically non-existent both in and outside of work. Ideologies such as these helped to shape the culture of Wall Street and turn corporations into liquid networks of shareholders. Decisions within these corporations are governed by levels of liquidity and efforts to increase shareholder value. Ho has argued that Wall Street has had a pivotal role in reshaping corporate America, and she makes a well-supported argument. A strong focus on shareholder value has been a key point in making possible the dominating influence Wall Street has in today's economy. To understand the transformation of corporate America, Karen Ho describes the neoclassical approach that corporate America was founded on. Adam Smith initiated many ideas that grew to form the neoclassical approach to economics. Theories modeled the idea of an individual entrepreneur who owned and managed his business. This business owner was solely liable and also completely entitled to all the profits of the business. Being responsible for both liabilities and profits, this business owner became motivated to perform. When joint-stock companies are introduced, Smith assumed management of said companies would eventually fail. He claimed that you cannot expect directors to watch over shareholders' money as vigilantly as they might their own. They are destined to take more risks and be much more negligent. For this reason, Smith claims joint stock companies "have very seldom succeeded without an exclusive privilege; and frequently have not succeeded with one." (Ho, p 174.) In chapter four, Karen Ho discusses the rise of the modern corporation through shareholding. It is important to make the distinction between the history of the stock market and the history of American corporations. Many of neoclassical mistakes could be attributed to the misguided theory that they are one and the same, although they do share some correlation in historical patterns. It has been (and may still be) general speculation that the stock market boosts and damages corporate America, when in fact, the opposite is true: "the rise and growth of modern corporations helped to generate the stock market." (Ho, p. 179.) The author makes a good argument for each of her claims. She uses observations of her time in Wall Street (including interviews with several bankers), material from former economists, investors, and business owners, and historical events throughout history to support her ideas. She makes mention of specific corporation mergers (such as JP Morgan and Chase in 2000) to exemplify relationships among investors and corporations. She submerges herself into the culture of Wall Street to fully understand what is generating certain socioeconomic relations, and thus makes each and every argument more credible. From sitting with college students at Princeton to watch a recruitment video to having experience working at an investment bank herself, Karen Ho has gained the trust of her audience and been able to make very persuading claims about America's most influential financial institutions. The most resonating concept of Ho's findings was the lack of individualism amongst the stock market industry. Individualism (pertaining to anthropology) refers to self-worth, containing individual morals and intellect, self-knowledge, spirituality, right to privacy and self-development. Businesses today may use many tactics to promote employee satisfaction which, in turn, further grows efficiency of production. Wall Street, on the other hand, endorses job insecurity, which they believe will motivate bankers and analysts to work harder and smarter than anyone else. Employees became assets and liabilities whose significance held no more than dollar values. Ho investigates the notion of share prices in relation to

company-announced lay-offs. By announcing lay-offs, companies are claiming less labor cost which means more profit from their revenue. Throughout her observations, Karen Ho is able to make certain projections about Wall Street's influence on America's future economy. Overall, the book's purpose was to step outside of the doxa of Wall Street's culture and identify what generates its ideologies, and especially, what practices are initiated based on these beliefs. 1 of 1 people found the following review helpful. A frightening look at the way Wall Street is controlling America. By Courtney Karen Ho's *Ethnography Liquidated* begins with a dedication "For my daughter and son, Mira and August, in the hope that their generation will see greater socioeconomic equality." I'm not certain that Ho's work here will help create greater socioeconomic equality for the next generation, but reading this book will help you understand how the habitus of Wall Street investment bankers is reshaping the world you live in, and the results are frightening to consider. *Liquidated* is an ethnography of Wall Street and its tribe of investment bankers. Ho spent time "on the ground" working in an investment bank and used her contacts through this short time (six months) to collect interviews and data regarding how Wall Street views itself in relation to the rest of the world, the hierarchies they create, and how the Wall Street focus on short term profits without long term planning is seeping into corporate America and creating a breakdown of the cultural fabric. What Ho reports on is a fascinating world where the concepts of "smartness" (your academic pedigree) and "hard work" (working in excess of 100 hours each week for years) act as cultural cachet to develop a new vision of the working world. Emblems of the hierarchy created in this culture range from the absurd ("you shouldn't wear suspenders because it looks like you spent too much time on your appearance" [73]) to the very literal (tiered elevators only allow access to certain floors, thus creating segregation between "front" and "back" office employees). An investment banker is considered less a real person and more an interchangeable object based on the college they attended ("we have two MITs, three Princetons, two Whartons, and a Harvard guy" [257]). Ho's assertion in *Liquidated* is that government deregulation of banking standards (such as the Glass-Steagall Act) has given investment banking greater strength and allowed their practices to become commonplace in all forms of business. According to Ho, "the very influence of Wall Street...has generated not only record profits but also volatility, crisis, and a continual existence on the brink of annihilation" (10) for corporate America; this volatility has led to a constant instability of the economy. Investment bankers live in a world of "high risk/high reward", but this model is not transferrable to the majority of corporations and it's creating an unstable environment where the worth of employees is on par with the inventory of the office supply closet. The chapter entitled "Liquid Lives" was perhaps the most telling of the damage Wall Street is doing to our nation. Ho states: "empowered by their prestige and elite educational pedigrees, their experiences of hard work, the moral high ground and historical purchase of shareholder value, and their role as mouthpiece of investor capital, investment bankers learn to thrive in a corporate culture that is characterized by slash-and-burn expediency (252)." Investment bankers live in a culture of incredible volatility; they are interchangeable commodities, so massive layoffs are common in their industry and they have learned to adapt to this world. This mindset of a "slash-and-burn expediency" is being adopted by other corporations, with disastrous results. For Wall Street, employees are interchangeable and therefore liquid commodities that can be released to increase capital for short term gains. This is a portion of the culture that investment bankers are accommodated to, and they believe it is part of a natural evolution for business to proceed in this manner. Investment bankers are rewarded with large bonuses for the work they do, often in excess of \$100,000 annually. When investment bankers are inevitably laid off they have a cushion from their bonuses to protect their livelihood until they find new employment. The problem with corporations adopting this model is that regular workers are not compensated as such, so when a company decides to lay off a department so the executive bonus will increase slightly, the people who are laid off do not have a cushion to protect them in the interim. Wall Street, not understanding the world outside their ivory towers, is unable to see how the concept of liquidity cannot apply to every corporation. Unfortunately Wall Street, and by extension the corporate executives these analysts advise, do not understand any concept besides money and are unable to see the damage they are causing to the world. Ho's assertion in *Liquidated* is that there is a disproportionate distribution of wealth in the United States. A country founded on the ideals of freedom and prosperity has become a land where a shrinking number of people are accumulating a greater amount of the wealth, while the majority of the nation suffers as a result of the actions of this small group. Through her extensive research and attention to data and details, Ho has shown a great understanding of the culture she has studied. If the purpose of anthropology is to help us understand different cultures, Ho has done a great job in showing the history, mythology, and habits of Wall Street as a culture. The language of *Liquidated* can be difficult to comprehend at times (to quote the great Slim Pickens: "you use your tongue prettier than a twenty dollar whore" [Blazing Saddles]), but the payoff for your diligence in study is worth the challenge. If you have an interest in understanding how our socioeconomic status as a nation has become so disparate and volatile, then you will enjoy *Liquidated*.

Financial collapses—whether of the junk bond market, the Internet bubble, or the highly leveraged housing market—are often explained as the inevitable result of market cycles: What goes up must come down. In *Liquidated*, Karen Ho punctures the aura of the abstract, all-powerful market to show how financial markets, and particularly booms and busts, are constructed. Through an in-depth investigation into the everyday experiences and

ideologies of Wall Street investment bankers, Ho describes how a financially dominant but highly unstable market system is understood, justified, and produced through the restructuring of corporations and the larger economy. Ho, who worked at an investment bank herself, argues that bankers' approaches to financial markets and corporate America are inseparable from the structures and strategies of their workplaces. Her ethnographic analysis of those workplaces is filled with the voices of stressed first-year associates, overworked and alienated analysts, undergraduates eager to be hired, and seasoned managing directors. Recruited from elite universities as "the best and the brightest," investment bankers are socialized into a world of high risk and high reward. They are paid handsomely, with the understanding that they may be let go at any time. Their workplace culture and networks of privilege create the perception that job insecurity builds character, and employee liquidity results in smart, efficient business. Based on this culture of liquidity and compensation practices tied to profligate deal-making, Wall Street investment bankers reshape corporate America in their own image. Their mission is the creation of shareholder value, but Ho demonstrates that their practices and assumptions often produce crises instead. By connecting the values and actions of investment bankers to the construction of markets and the restructuring of U.S. corporations, *Liquidated* reveals the particular culture of Wall Street often obscured by triumphalist readings of capitalist globalization.

From *Publishers Weekly* The timely question, What caused the current global financial crisis? provokes answers usually aimed at the level of institutions and the more abstract market logic. Ho's refreshing ethnography of the daily lives of Wall Street investment bankers takes another tack and outlines a web of practices, beliefs and structures that may be vital to understanding what keeps the market system in place despite built-in instabilities. Ho, a former business analyst and now an associate professor of anthropology at the University of Minnesota, unpacks constant downsizing, high risk/high reward job liquidity, shortsighted compensation structures, prestige and the ruse of shareholder value. Her keen eye for the significance of space illuminates workplace narratives, e.g., segregating staff by floor, function and prestige; constant and lavish recruiting events at Princeton and Harvard; and anticlimactically tawdry office space for most workers. The author exposes how elite undergraduates are immersed in a culture promoting finance as the only legitimate job, how educational pedigrees reinforce the financial world's self-image—while the actual jobs remain rigidly hierarchical (stratifying women, people of color and non-Ivy League graduates), highly unstable and isolating, encouraging a culture in which making money is the only value. (Aug.) Copyright copy; Reed Business Information, a division of Reed Elsevier Inc. All rights reserved. "What could be more timely than this fascinating and highly readable investigation of the culture of Wall Street? With *Liquidated*, Karen Ho takes us into the workaday world of investment banking before the crisis, showing us the roots of the risk-taking that drew lavish compensation packages and brought the world financial system to the brink of collapse. A significant contribution both to the anthropological and wider social scientific literature on financial markets and globalization, as well as to the urgent public debate over the power of financial institutions in contemporary American society."