bleibt abzuwarten. Denn angesichts der großen Begeisterungswelle für den neuen US-Präsidenten wird oftmals übersehen, dass Obama wichtige Entscheidungen nicht im Alleingang treffen kann, sondern der US-Kongress ebenfalls über weitreichende Kompetenzen verfügt. Darüber hinaus gewann die Region Lateinamerika in den vergangenen Jahren an politischer Unabhängigkeit, und ihre staatlichen Akteure vertreten zunehmend selbstbewusster ihre politischen und wirtschaftlichen Interessen.

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BROOKE HARRINGTON:
Pop Finance – Investment Clubs and New Investor Populism

Princeton 2008
Princeton University Press, 242 p.

As the disastrous social consequences of the current financial crisis emerge, much has been written recently about political shortcomings and failures to regulate financial markets at the macro-level. Discussions about financial institutions such as the stock market are often presented in very technical terms in both the academic literature and in public discourse. The focus on financial markets as a technical macro-level phenomenon neglects, however, an understanding of what these markets actually are, above all, their social underpinnings. In »Pop Finance«, sociologist Brooke Harrington makes good this omission. Examining the social context in which financial decision-making takes place, Harrington offers a very interesting and refreshing alternative to the standard accounts of stock market dynamics presented by economics and finance. At a time when faith in economic models based on the premise of rational, self-interested individuals is increasingly waning, Harrington's book challenges their core assumptions.

Harrington's research is motivated by the massive increase in investment activity in the United States over the last twenty years. While financial investment was considered a rich man's game in the decades following the Great Depression, during the 1990s the buying and selling of stocks turned into a mass phenomenon, involving more than 50 percent of American adults (p. 12). Investment clubs have played a major role in the rise of »popular finance,« since most private investors are members of such organizations. With a view to understanding the social underpinnings of stock markets, consequently, Harrington examines decision-making processes in investment clubs, employing the conceptual and analytical tools of economic sociology. As formal associations for consultation and discussion of financial decisions, Harrington finds that investment clubs provide an interesting arena for scholarly observation in which decision-making processes in finance are made transparent (p. 6). Ambitiously, she addresses a wide variety of issues within the framework of her investigations, including the social construction of value and identity, the role of gender in finance, and the concept of »social capital,« as well as policy concerns. Harrington's study is well grounded empirically, but sometimes it seems to overload its theoretical apparatus with too many issues.

»Pop Finance« begins with a historical contextualization of the phenomenon of investment clubs. The historical perspective suggests that »investment clubs are not a fad but part of a recurrent social response to new economic opportunities and demand« (p. 31). Harrington views the rise of investment clubs up until the 1990s as a response to political decisions made in the context of considerable demographic changes from the mid-1970s, when corporations began to shift the risk and responsibility of retirement savings to employees. In order to secure their income once they were no longer able to participate in the labor market, people increasingly turned to the stock market, as conditions for private investment and the formation of investment associations became easier. Particularly interesting in this context is the connection Harrington makes between the changes in American investment behavior and the concepts of »ownership society« and »shareholder democracy,« in terms of which investment becomes a part of the American identity (pp. 11). The connection between identity and value creation of stocks is also made in these terms. Overwhelmed by multiple opportunities, all of which necessarily involve a great deal of uncertainty because they are based on predictions about the future, »investors rely on social identity and social interaction to create mental maps of the stock market« (p. 47). These established links bring to the fore intriguing questions about the myriad relationships between the political economy of finance, democracy, and the central role that narratives play in financial investment.

In the second part of the book, Harrington takes her finding that social interaction influences investment decision-making through the creation of identity and value a step further. She analyzes how the composition of groups in investment clubs, on the one hand, and the way in which information is used in group processes, on the other hand, impact on investment performance. While it remains unclear why the social category of diversity is limited to measuring heterogeneity in terms of sex and age and how far a distinction between sex and gender is acknowledged, Harrington's findings on the »diversity premium« suggest interesting implications. Group heterogeneity impacts on investment performance in positive ways, the more decision-making processes in the group »can withstand the numerous forces pushing members toward conformity of opinion« (p. 138). As the results demonstrate, because of social interaction dynamics, investment clubs underperform the market most of the time (p. 181). Besides advancing the research area of the sociology of organizations, the findings hence have interesting policy implications. Harrington also highlights the critical role of the mooted privatization of social security, thereby managing to broaden the focus of her study to add a political dimension to relations between economy and society.

On the basis of detailed long-term observations, supplemented by extensive survey data, the book represents a remarkable source for understanding the complex environment of competing logics which drive financial decisions in investment clubs. However, the application of these results to explanations of the stock market as a whole or even financial markets in general, which Harrington formulates at points (for example, p. 144), can be questioned from a methodological point of view. Nonetheless, »Pop Finance« convincingly highlights the nature of the relationship between society and economy. »Markets are not merely embedded in social relations; they are social relations.« (p. 144) One implication of Harrington's empirical observations is that the concept of methodological individualism in standard economic models is not sustainable. The core assumption about rational, self-centered individuals who, faced with given sets of alternatives for which they know the probability distributions of outcomes, choose the option which maximizes their gains and minimizes their losses, is utopian (p. 192). The hollowness of economic wishful thinking based on this grand assumption echoes in the current crisis.

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