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Opening the black boxes of global finance

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ACKNO

I am grateful to Philip Cerny for comments at the workshop Approaches to Global Finance (University of Warwick, 6 and 7 December 2002) which were helpful in their astringency and to the Review's referees for useful suggestions. The empirical research underlying this paper was supported primarily by DIRC, the Interdisciplinary Research Collaboration on the Dependability of Computer-Based Systems, itself funded by the UK Engineering and Physical Sciences Research Council (grant GR/N13999). My ongoing work on social studies of finance is supported by a Professorial Fellowship awarded by the UK Economic and Social Research Council (RES-051-27-0062).

Notes

1 The introduction to the field that best captures this diversity is Biagioli's reader (Biagioli 1999).

2 See, e.g., Brügger (2000), Izquierdo (1998), Izquierdo (2001), Knorr Cetina and Bruegger (2000) and (2002), Lépinay and Rousseau (2000), Millo (forthcoming a & b), Muniesa (2000a), 2000b, and 2003), Preda (2001) and (2002)

3 See Godechot (2000) and (2001), p. 218-30). My own fieldwork amongst Chicago derivativ… ces that would be…

4 A high… ed of records of owne… baked in clay – ar…

5 I think… heuristic itself is…

6 See…

7 See, e… t science and tech… icrostructure theory is… gesan 2000). F…

8 This is… er (1970)

9 See, e.g., Giddens (1990).

10 This critique is, of course, the basis of the infamous ‘science wars.’ My thoughts on these will be found in MacKenzie (2002).

11 Perhaps most vocal in this critique has been Langdon Winner e.g. Winner (1993.).

12 See MacKenzie (1990, pp. 209-214) for a discussion of the design of accelerometers and of the bearings upon which their gyroscope wheels spin.

13 MacKenzie (2003c).

14 There was much earlier work on option pricing by Bachelier (1900)., which was not taken up for fifty years.

15 To short sell an asset is to sell an asset one does not own, for example by borrowing it, selling it, and later repurchasing and returning it. A short seller profits from a price decline, because the asset can be repurchased for less than the proceeds of the initial sale.

16 See the remarks of a trader quoted by Godechot (2001, p. 227-8)

17 A ‘derivative’ is a security or contract the price of which depends upon the price of another … a derivative in that it … g asset.

18 Data …

19 For d…

20 See e… le in the sociolog… whose trade…

21 See M…

22 The f… . A19); the figures f…

23 The c… ue that what LTCM dic… hleifer and Vishny 1997.): much real-world arbitrage, including the real-world counterparts of some

of the classic arbitrages of finance theory, demands capital and involves at least some risk. See MacKenzie and Millo (2003) on options arbitrage.

24 This is the key insight of Shleifer and Vishny (1997), a prescient piece of work in that it models one key feature of 1998: the flight of arbitrage capital in the face of improving arbitrage opportunities. It does not, however, model the other key feature: the imitative superportfolio. For Shleifer's own remarks on LTCM, see Shleifer (2000), (107-111).

25 Since completing the first draft of this article I discovered an excellent study in the ‘law and economics’ tradition of the regulatory background to single-stock futures: Partnoy (2001).

26 Q.v. Douglas (1970). Millo (forthcoming b) .discusses the key outcome of SEC-CFTC negotiation: the Shad-Johnson Accord. It is telling that regulatory bodies should have needed this ‘peace treaty.’

27 See Partnoy (2003) on the barriers to short selling. Of course one should not exaggerate these barriers. Thus Harvard University's endowment fund took a large short position on Enron via the hedge fund Highfields Capital Management (Bryce 2002: 268) and must have profited handsomely from so doing.

28 In principle, a futures contract requires delivery of the underlying asset at the
contract [illegible] conomically
equivale [illegible] y payment
or refun [illegible]

29 A par [illegible] surance, a
techniq [illegible] o losses.
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30 Unde [illegible] espite their
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31 That [illegible] are
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discretion as to the jurisdictions within which they operate. Since completing the first draft of this article, I discovered Vogel's fine study of liberalization in Britain and Japan. His title, Freer Markets, More Rules (Vogel 1996), captures precisely the point I wish to make.

32 That an interview is an act of hospitality that imposes obligations can be forgotten when, as is overwhelmingly the case in the social sciences in general, the interviewee is lower in the socio-economic scale or otherwise less powerful than the interviewer. Obligations to the less powerful are, of course, notoriously easier to ignore.

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