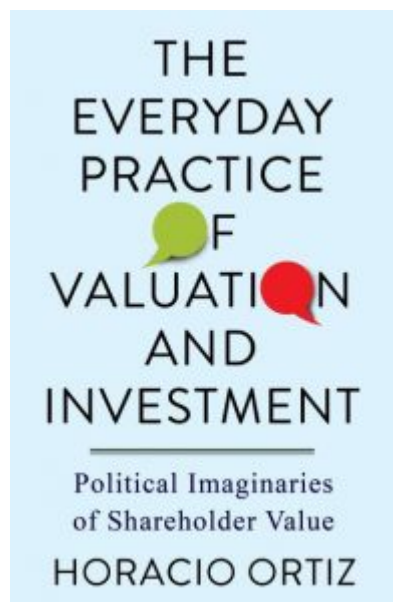


# Book Review: The Everyday Practice of Valuation and Investment: Political Imaginaries of Shareholder Value by Horacio Ortiz

*In The Everyday Practice of Valuation and Investment: Political Imaginaries of Shareholder Value, Horacio Ortiz explores the social institutions and practices that produce and regulate stock pricing and valuation. Drawing on extensive ethnographic detail, this book has something important to teach us about the personal, ethical and political imaginaries that are at the core of how finance works, writes Johannes Lenhard.*

***The Everyday Practice of Valuation and Investment: Political Imaginaries of Shareholder Value.* Horacio Ortiz. Columbia University Press. 2021.**

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**Understanding finance, differently**

*'You as a life insurance customer, you have absolutely no need for your life insurance*

*product to go up every week' (219) ... 'It is true that financial markets have had the role of [...] increase[ing] the rigor of profitability but indeed there have been situations of excess' (222)*

Fernand, executive in a Paris-based global investment management company, exposes one of the recurring day-to-day contradictions in the financial system revealed by Horacio Ortiz's phenomenal book, [\*The Everyday Practice of Valuation and Investment\*](#).

Investment firms, such as banks, hedge funds, asset managers and insurance companies, strive to 'create value': that is, multiply their financial assets under management. To do this, they engage in valuation practices (for example, discounted cash flow) and produce the efficient market in the process.

But already a look at the different people fulfilling different functions within any given investment firm – from the analyst and the salesperson to the fund manager – shows how much contradiction there is in this ever-recurring process of (re)making the (efficient) market. While reports and calculation are supposed to 'justify true value judgments', salespeople develop 'individual opinions' and utilise 'personal relationships', including through non-professional outings (121ff), to influence decisions on where to allocate money.

Ortiz expertly makes observable the underlying multiplicities of ethical codes, narratives, convictions, goals and methods that together make up the financial industry (238). In this multiplicity, Ortiz finds entanglements not just of 'pure calculative reason' but also (societal) power relations and politics which we ought to pay more attention to. After all, abstractions such as 'markets' are made up of complex people, too. That is where Ortiz's sociological and anthropological attention comes to the fore and hopefully shows us an alternative, dangerously underexplored side of finance.



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While some of the language Ortiz uses is abstract and the writing is dense throughout, he accomplishes what few others have been able to do before: explain and theorise financial institutions from the inside. Most remarkably, Ortiz had long-term access to a variety of frontline investment organisations – from a big asset manager to a brokerage firm and a hedge fund – and was able to collect incredibly complex ethnographic data. Together with Caitlin Zaloom's early [Out of the Pits](#) and Stefan Leins's more recent [Stories of Capitalism](#), Ortiz is one of the only anthropologists that was allowed in where 'high finance' is made: the practices of investors. What he finds and is able to describe in a skilled and elegant way should inform how any future study of finance is conducted.

The first three chapters of the book, which was originally published in French eight years ago, go through what Ortiz understands to be the building blocks of finance: the standardised procedure of valuing financial assets (Chapter One) as ultimately influenced by individual investors' opinions (Chapter Two) and the belief in the 'efficient market hypothesis' (Chapter Three).

While financial assets are assessed to establish their value using mathematical discounted cash flow analyses (DCF, 56), the underlying ideas of value referred to in these analyses vary (from true to relative to speculative, 67). The (theoretical) optimal allocation of resources (implicit in the 'efficient market hypothesis') is achieved based on different combinations of the three types of value sold in convincing (and personalised) valuation narratives (88,95) to a relationship-based network (177).

While these practices are based on an understanding that the market is (temporarily) *not* efficient (and not all information is 'priced in'), the outcome of the different valuations (and resulting investment decisions) will, again, produce an 'efficient market' (155f). What Ortiz shows with detailed and diverse ethnographic and interview data is how assets are locally produced and priced, globally sold, shared and reproduced but also how they include enormous fragmentations, contradictions and tensions (207).

The last part of the book, from Chapter Four onwards, explicitly brings to the fore an observation often excluded from any analysis of business: how do political imaginaries influence these valuation and investment practices (or business practices more generally)? Ortiz describes his book as a 'political anthropology of finance' (5, 18f) and shows how political and moral narratives and imaginaries indeed produce 'financial value' (rather than it being representative of 'true value reflected in prices', 34).

But the political imaginaries don't end there – the kind of financial decisions described have concrete effects; the workings of the financial industry 'collect, produce, and distribute money, contributing to produce social hierarchies worldwide' (76). The results of the decisions touch on what (and who) is valuable in the economy (22, 72), who is hence included or excluded and who can have money to build or grow (8).

Ortiz also thematises the entanglements of political actors in the finance industry, arguing that the financial industry was explicitly enabled by financial regulation over the last decades. While there is possibly more to be said here, overall the bottom line is clear: finance is not only influenced by political narratives (and ethics) and produces political results but it is also enmeshed with political actors.

Ortiz's book weaves together many of the strands of the latest wave of the anthropology of finance. He picks up from earlier analyses of risk, performance and narrative (see, for example, [Zaloom, 2004](#); [Donald MacKenzie et al, 2007](#); [Douglas Holmes, 2013](#); and

[Kimberly Chong, 2018](#)). Without mentioning the word, I would claim that he also does a lot of work for people who are connecting an analysis of contemporary finance with ethics (see [Sean Field, 2021](#); [Leins, 2020](#); [Giulia Dal Maso et al, 2022](#)). What Ortiz adds is phenomenal amounts of ethnographic detail to bring concepts such as ‘investor’ and ‘market’ to life and challenge our understanding of these analytics.

What commentators, especially from the political economy side of things, might be missing is a more directly critical engagement with the people and institutions Ortiz studied for so long. What should be done differently? Can we ‘tame’ the politics of the financial system (for example, its influence on growing inequality)? Ortiz might excuse himself from this task altogether – that is, after all, the role of policymakers. But this line of critique brings to the fore another methodological issue: does involvement over the long term which is both practical (Ortiz has worked in finance, too) and academic-analytic make it more complicated to be overly critical? I am encountering the same issues with my recent work on venture capital investors where critique might prevent access going forward. The balance is hard to strike – especially to satisfy everyone.

While Ortiz’s fieldwork was almost two decades ago, his findings are as acutely important now. In fact, he acknowledges the increasing influence of indexing (180f) and automated decision-making ([which I have discussed in a 2021 article](#)). These shift the influence of personal opinions from the sales floor to the coding floor, where algorithms are written. Obviously, some of the most recent developments in the financial industry, such as the integration of ESG principles (and the backlash against them), Ortiz didn’t foresee. Nonetheless, this book still has something important to teach us. Personal, ethical and political imaginaries are at the core of how finance works – we need to take them seriously to understand, critique and influence the financial system.

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