

A Comparative Study of Karen Ho's *Liquidated*: An Ethnography of Wall Street (2009) and Ruth Wilson Gilmore's *Golden Gulag: Prisons, Surplus, Crisis, and Opposition in Globalizing California* (2007).

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Abstract:

This paper is a study of the much-vaunted idea of Neoliberal order in the US. I examine it in light of two masterpieces, Karen Ho's *Liquidated: An Ethnography of Wall Street* (2009) and Ruth Wilson Gilmore's *Golden Gulag: Prisons, Surplus, Crisis, and Opposition in Globalizing California* (2007). As ethnographer and geographer, Ho and Gilmore have engaged in their respective books in an ethnographic study of two sites of production of the neoliberal order. While Ho targeted to unveil the evil side of Wall Street, Gilmore provides a detailed account of the massive prison building project in California between 1982 and 2000. Both places are perfect examples of how neoliberalism and its terrible effects on the populations operate through people and institutions incarnating it.

Both authors have a personal engagement with their topics. Ho was hired as an "internal management consultant" analyst by Bankers Trust New York Corporation, a Wall Street investment bank and Gilmore was requested, as a researcher, to engage with a grassroots activist group of mostly African-American mothers to help them in their anti-prison movement.

Keywords: USA, Neoliberal order, Wall Street, California, Ethnography.

Introduction

Karen Ho and Ruth Wilson Gilmore are two ethnographer and geographer consecutively giving detailed ethnographies of Wall Street and the Californian prison building project of the 1980s and 1990s. In *Liquidated: An Ethnography of Wall Street*, Karen Ho penetrates Wall Street and gives detailed explanations of how this institution functions. In *Golden Gulag: Prisons, Surplus, Crisis, and Opposition in Globalizing California* that could as well be titled "Golden Gulag: An Ethnography of Prison-Building Projects in Globalizing California", Gilmore provides a detailed ethnography of the massive prison building project in California between 1982 and 2000 as a "catchall solutions to social problems". Both authors are engaged to reveal the evil side of neoliberalism through people or institutions incarnating it and its terrible effects on populations. They both give analyses based on personal engagement with their topics at stake. Ho was hired by Bankers Trust New York Corporation, a Wall Street investment bank, as an "internal management consultant" analyst. Gilmore was solicited, as a researcher, to engage with a grassroots activist group of mostly African-American mothers to help them in their anti-prison movement.

Ho uses a sociological and anthropological fieldwork conducted through participant observation during the time she was employed in Wall Street, and later, through attending conferences, networking, and interviews. Gilmore's double role as a participant of the anti-prison movement and as a scholar combined with a substantial archival work allowed her to better grasp and propose a complete analysis of the phenomenal expansion of the prison system in California throughout the 1980s and 1990s.

The strength of both volumes relies on the inter-methodological and interdisciplinary approaches both authors use. Though she is trained as an anthropologist, Ho does not leave the study of economics to economists alone. She presents a detailed portrait of the culture of finance and the considerable influence Wall Street has over corporate America's prioritization of shareholder value and the financial model that focuses on the bottom line rather than on the long-term prosperity of the corporation and its employees. Gilmore also, despite her training as a geographer, does provide a thorough analysis of the political economy of California and the social problems that have led to different crises of land, capital, and labor.

In *Liquidated*, Ho investigates the social and cultural practices of Wall Street's investment bankers in order to reveal how they manage their financial planning and construct markets. In *Golden Gulag*, Gilmore is trying to find an answer to the mobilization of surpluses for the construction of prisons while all these colossal resources could be used positively to solve the various socio-economic problems that poor people were facing in California. She finds that since 1984, California has erected 43 penal institutions as opposed to only 12 prisons between 1852 and 1964. Today, Gilmore points out, 90 penitentiaries, small prisons and camps stretch across 900 miles of the fifth-largest economy in the world, making it a global leader in prison construction. On the whole, she says, "California state prisoner population grew nearly 500% between 1982 and 2000" (7). Gilmore adds that "these alarming facts raise many urgent issues involving money, income, jobs, race and ethnicity, gender, lawmaking, state agencies and the policies that propel them to act, rural communities, uneven development, migration and globalization, hope, and despair" (10).

However, Gilmore raises a very important point adding to the strength of his discoveries. She discovers that most of the new prisons are built in and out of the rural areas and 93% of the prison population were mostly men and two-thirds were unemployed or the

working poor Latinos and African Americans. These figures, according to Gilmore, reveal the communities who have suffered most by California's move to mass imprisonment and the state's leader in a countrywide obsession to lock up the poor and people of color. She, therefore, find them as revealing the unambiguous relations between mass imprisonment and racism –some critiques calling it neo-slavery. So does Ho also find that the stock prices of Wall Street investment banks rise while many enterprises are confronted with severe financial problems and obliged to downsize massively.

In *liquidated*, Ho particularly focuses on “the shareholder value revolution” that took place in 1998 through which “Wall Street financial institutions and capital markets have constructed a new world (dis)order” (125). She argues that “in 1998, shareholder value was just at the cusp of inundating American culture as the central explanation and rationale for corporate restructuring, changing concepts of wealth and inequality, and the state of the American economy” (122). This revolution has witnessed a radical and very consequential shift of the function of the corporation from a “representative [political and] social institution” that cared much of the worker to a “sum of property rights of the individual shareholders” (124). For Ho, it revealed new “particular corporate purposes, ... and strategic initiatives” motivated by the increase of the Wall Street investment banks' self-centered shareholder values. As she says, during the time she worked there, she was always reminded that “the mission (of all of Wall Street and all corporations) is always to create shareholder value” (122).

In the same way, in *Golden Gulag*, Gilmore undertakes a challenging scholarly investigation of California's economic, political, spatial and cultural history that appears essential for a thorough understanding of the development of prison buildings in the 1980s and 1990s. While Ho identifies the take-over movement of the 1980s as basically being the origin of the implosion of shareholder value, Gilmore distinguishes four interrelated developments that best explain the prison situation in the “Golden State”. She first notices that most of the new prisons were built on formerly irrigated agricultural lands and in regions seeking to resuscitate their depressed economies. Second, Gilmore argues that \$5 billion in bonds (126), borrowed from public funds by the state to finance the prison boom, were issued and specifically benefitted landowners and construction and utility companies. Third, moribund rural economies caused by drastic changes on farmland due to drought and market fluctuations, combined with high unemployment rates among urban low-wage workers mostly Latinos and African-Americans. And last, California's politicians enhanced the legislation by promoting “two laws-the Street Terrorism Enforcement and Prevention (STEP) Act (1988) and Proposition 184, and the “three strike and you're out” law (1994)” (6).

Gilmore uses this portrait to provide a rich background to the rise of working-class women of color and urban activists to challenge California's penal colony. She also takes us through the evolution of the judicial plans such as the 1988 Street Terrorism Enforcement and Prevention Act to increase sentences. With these legal maneuverings, prisons had an “all-purpose use” function and all social ills, from poverty, unemployment to drug use and gang membership, became synonymous with “criminal activity” under the pretext of “law and order”. The new laws strengthened the powers of attorneys and gave them special rights to charge or acquit suspects. All these developments, declares Gilmore, were characteristically informed to target the disfavored minorities. Unfortunately, he adds, during this time civil rights and social organizations were heavily challenged to fight against this “state-organized criminalization project” (216). In all cases, says Gilmore, prisons “undermine rather than stabilize everyday lives everywhere” (242) but they mostly affected the more exposed masses and persistently contributed to their degradation.

In the same way as Gilmore showed that California politicians maneuvered to enforce disguised racist laws, Ho tells us that “the very particular cultural system that Wall Street has constructed and nurtured –one that promotes the volatile combination of unplanned risk-taking with the search for record profits, constant identification with the financial markets and short-term stock prices, and continual corporate downsizing- has not only been imposed on corporate America but also fundamentally characterizes and affects Wall Street itself” (6). Ho argues that this specific corporate culture by investment banks was also backed by “massive governmental deregulation” such as the 1999 pro-speculation Gramm-Leach-Bliley Act that outlawed the Glass Steagall Act, opened the market to commercial and investment banks, and legalized mergers on a permanent basis (7).

By further exploring the shareholder value revolution, Ho maintains that:

Through their middlemen roles as financial advisors to major US corporations as well as expert evaluators of and spokespeople for the stock and bond markets, investment bankers work to transfer and exchange wealth from corporation to large shareholders (and their financial advisors), hold corporations accountable for behavior and values that generate short-term shareholder value, and generate debt and securities capital to fund these practices” (5).

Consequently, “instability and crisis fundamentally characterize this particular culture of liquidity, and signal not the decline but the influence of Wall Street values and practices” (6).

While Gilmore uses an exemplary model of politically engaged scholarship to reveal that prisons did not reduce crime in California, Ho utilizes her hands-on knowledge for having worked at Wall Street, combined with an extensive documentation work to expose investment bankers' selfishness and their obsession for self-interest in their mergers and leveraged buyouts. Investment bankers maintain a coherent ideology that manipulates and shapes the world economy by virtue of their expertise and qualifications. One of their greatest success is how they have achieved to cultivate and export this image of “smartness and exclusivity” into the academia and most specifically among the prospective workers in the Ivy League and to draw and brainwash its student community.

Both volumes are the result of real-world experience as well as academic research. They are both invaluable and very resourceful as they are full of facts, statistics and pertinent analyses. They have almost the same ending tone. At the end of *Golden Gulag*,

Gilmore reiterates her critiques of the dehumanizing practices of mass incarceration and offers suggestions about the potential changes that activism and community-building are up to bring about. Change, argues Gilmore, must be economic, political, ethical, and most significantly, collective. Ho concludes *Liquidated* with an interesting note on the relations between Wall Street and "the global". She argues that investment banks' embodiment of the market and the "booms and busts" they are up to create because of their short-termism and their "corrosive culture" of compensation and bonus is precisely what justifies their "global presence". She says:

In fact, it was precisely Wall Street's imbrication in and construction of global interconnection that generated the crisis and assured its rescue: the more the world bought into Wall Street, the more leverage it had to hold the globe hostage (323).

Ho ultimately ends her analysis by urging us to hold Wall Street accountable for the crisis it creates and to stand against its dominance and the "structuring practices, which occur without a strategy for the future and rationalized by a shareholder value ideology" (324).

Conclusion

Works Cited

1. Gilmore, Ruth Wilson, *Golden Gulag: Prisons, Surplus, Crisis and Opposition in Globalizing California*, University of California Press, 2007.
2. Ho, Karen, *Liquidated: An Ethnography of Wall Street*, Duke University Press, 2009.