

Elena Esposito, **The Future of Futures. The Time of Money in Financing and Society**. Cheltenham, UK/Northampton MA, USA: Edward Elgar Publishing, 2011, 215 pp.

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Elena Esposito is an Italian sociologist working mainly from the perspective of Luhmannian systems theory, particularly with themes related to the temporal dynamics of modern society and notably the problem of linking present activities with a future unknown. Most of her publications (mainly in Italian and German) are about the form and ordering of time (as in fashion, remembrance, reform, innovation and prediction). In this book (first published in Italian in 2009), she sets about explaining no less than the complexities, irrationality and paradoxes produced by the 'alchemy of finance' (George Soros) in terms of time.

The result is a most readable and informative text that marks the relevance of economic sociology when it comes to the explanation of what the modern financial crisis is about. It is not just about greedy bankers, missing regulations, abstract terms or Greek pensioners, Esposito states, but about the transformation of risk into money, namely the present pricing of future events – a futurization (or, better, a de-futurization) which turns the unknown future into a present object (a paper) that can be given a price and offered for sale. Traditionally, we think of this as material goods that are traded in the present on the market for a given sum of money. Derivatives (futures, options, swaps, etc.) are, by themselves, not material goods, and they can be traded in the present for a modest sum of money relative to the possible future rewards. In that sense, derivatives are about the pricing of expectations without any direct reference to material goods. It is just about the pricing of risk, or about the risk produced by efforts made to reduce risk, Esposito states. The sums of money involved are gigantic (the traffic of derivatives in 2008 was ten times the worth of the amount of the world GDP). They do not just refer to what happens in the present, but mainly to what will happen in the future, not just in the next months, but also in the next year and that year.

How, then, can this pricing of risk be socially accepted, not as material goods, but still as something factual? Esposito explains that generally in terms of Luhmannian constructivist systems theory stating that the self-referential communication (the rationality) of the economic system tends to identify the market as the external reality and thus accepts prices as reality. If something has a price, then it can be accepted as real. She also points to modern economics that in the 1970s produced the widely accepted (Black-Scholes) formula for valuing future uncertainties, not just from present and past values, but also from its volatility, its variations over time and its tendency to react to external circumstances. The problem, Esposito states, is that this kind of modelling is presupposing that the (presently) unknown future will turn out to be similar to the past and present – tomorrow's unknown risk can be calculated from the risk that we have experienced. As we know, the future can turn out quite different from what we expect. What we define as rational can turn into something rather irrational. Literally, we can now (as in 2008) observe what the future of yesterday's futures turned out to be.

In the last chapter of the book, Esposito turns to complicated questions concerning the possibilities of regulating the financial markets. The theoretical perspective is still Luhmannian systems theory, which states that no external system can steer or regulate the economic system. Politics cannot control what the economy defines in terms of prices. In principle, regulations have to be made by the economic system itself. She accepts this, but argues that it does not prevent politics from defining premises and conditions for the operations of global financial markets. In that sense, she is optimistic, but perhaps a bit naive. She is referring to classical (first-order) cybernetics (Norbert Wiener), but this is clearly not in line with the (second-order) cybernetics which is basic to the Luhmannian view. If classical cybernetics was optimistic in terms of steering and regulation, Luhmann was notoriously sceptical. The complicated question of regulation and steering is certainly engaging, but the last chapter is too general and vague. It should also be noted that the book refers to the crisis of 2008, written before the recent turbulent events in which politics (states) does not prove to have the control capabilities that Esposito is hoping for. One can probably just as well say that we now observe how the financial system is directing politics (states) by including any political action into the futurizing dynamics of risk and money.

Esposito is writing from the perspective of Luhmannian systems theory, but the book is not an exegesis for insiders. Above all, it is a well-informed, critical and provocative study in economic sociology, emphasizing the contemporary economic crisis. Her argument is theoretically derived, but empirical references are never left behind. It is a book about the forming and handling of the future of modern society, but also a book about the dynamics of risk in 'risk society' arguing that the very attempts to handle risk paradoxically result in an overall increase of risk. These complex issues are related and seemingly incomprehensible even to those expected to be experts. By focusing on time, money and risk, however, Esposito presents an analysis that opens new perspectives to our understanding of the financial system.