



Liquidated: An Ethnography of Wall Street

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Financial collapses—whether of the junk bond market, the Internet bubble, or the highly leveraged housing market—are often explained as the inevitable result of market cycles: What goes up must come down. In *Liquidated*, Karen Ho punctures the aura of the abstract, all-powerful market to show how financial markets, and particularly booms and busts, are constructed. Through an in-depth investigation into the everyday experiences and ideologies of Wall Street investment bankers, Ho describes how a financially dominant but highly unstable market system is understood, justified, and produced through the restructuring of corporations and the larger economy. Ho, who worked at an investment bank herself, argues that bankers' approaches to financial markets and corporate America are inseparable from the structures and strategies of their workplaces. Her ethnographic analysis of those workplaces is filled with the voices of stressed first-year associates, overworked and alienated analysts, undergraduates eager to be hired, and seasoned managing directors. Recruited from elite universities as “the best and the brightest,” investment bankers are socialized into a world of high risk and high reward. They are paid handsomely, with the understanding that they may be let go at any time. Their workplace culture and networks of privilege create the perception that job insecurity builds character, and employee liquidity results in smart, efficient business. Based on this culture of liquidity and compensation practices tied to profligate deal-making, Wall Street investment bankers reshape corporate America in their own image. Their mission is the creation of shareholder value, but Ho demonstrates that their practices and assumptions often produce crises instead. By connecting the values and actions of investment bankers to the construction of markets and the restructuring of U.S. corporations, *Liquidated* reveals the particular culture of Wall Street often obscured by triumphalist readings of capitalist globalization.

Liquidated: An Ethnography of Wall Street Details

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Ldrutman Drutman says

I've been reading a lot about Wall Street lately, but this book was unique in that it was written by an anthropologist. It was a bit redundant and dry (as are most academic books), but I did get a really good sense of what it was like to be working in a Wall Street bank, and it was definitely worth it for that.

So what is the culture of Wall Street like?

First of, there is this intense culture of smartness, of all these people who went to the best schools and think they are just about the smartest people in the world. That is how the banks sell themselves when they recruit -- the places where the smartest people work.

Then there is this culture of working super-hard, all the time, which goes along with the hyper-competitive attitudes of the people who want to work there. Also, all these people are highly motivated to make money. A lot of money. That's the main reason they go to Wall Street. (no surprise)

But what was interesting to me was that there is also an intellectual justification for what these folks are doing. They think (or are convinced) that by all this buying and selling and trading, they are making the economy more efficient by punishing corporations that are inefficient and delivering more "shareholder value." And they think there is something wonderfully meritocratic about this too -- that the market is the ultimate dispassionate arbiter of value, and that it shakes down old hierarchies of class and race and gender. Of course, this is not really true, and actually Ho spends a lot of time on how race and gender divides are remarkably prevalent on Wall Street.

The title "Liquidated" comes from this almost messianic Wall Street cult of turning all assets "liquid" -- even the people who work at these firms. Ho herself was fired while working for Bankers Trust. As it turns out, people on Wall Street get fired a lot, but they are okay with that and even anticipate it. There is a real culture of people moving around constantly, and this persistent uncertainty that you never know what will happen next so you better make all the money you can now. Ho argues that there is no real planning on Wall Street -- just a constant hunt for something that will make money fast and now.

The recent financial crisis follows logically from the culture. For one, there is this relentless competition among both individuals and firms, because the more deals one does, the better one gets paid. The bonus culture is crazy -- most of the compensation is in the form of bonuses, and there is a lot of jockeying to do the most deals to get the most bonuses. It's all about doing deals, selling products, doing more deals, selling more products.

But doing deals doesn't mean doing deals that make sense. So what was the financial crisis about? It was about these Wall Street banks creating and selling financial products like crazy. First, the mortgage-backed securities and other collateralized debt obligations, then the credit default swaps to supposedly protect investors from downside risk. Investors of all stripes bought these products, and got screwed, and of course, the banks failed or almost failed because they couldn't deliver on many of the products they guaranteed and/or the value of their investments dipped.

But that didn't matter to the traders and the executives -- they got their bonuses from doing all these deals and selling all these products, from besting each other on coming up with more and cleverer financial products, regardless of the long-term viability of them. After all, the long-term viability of these products doesn't matter. What matters is doing the deals.

All of this is very depressing. Wall Street is probably still a place that attracts the same super-smart assholes who think they are better than everyone else and then go try to prove it by working like crazy selling financial products that generate fees. And worse the culture of Wall Street is to try to import this super-competitive instability to the rest of the economy.

Yet for all the value these people think they are adding to the economy, it seems to me they are not only parasites, but they are also destroying the good old-fashioned values of loyalty and the idea that there are other things in life besides money and the tyranny of the market. Sad.

John Mihelic says

Ho writes the book that I think I would have written, had I been born in different circumstances. She was a graduate student in the Ivy League and she saw her peers go into the Street, so she did what any good anthropologist would do – she went native to study the flora and fauna of Wall Street.

In it, she looks at the prevailing orthodoxies of the natives and tries to debunk them, amongst these are shareholder value and the benefit of so many hours at your desk (free food and a car service help these brave souls). Ho was able to take the job because of her pedigree, and she used it to build connections –she was an excellent networker, I bet she has all the hot LinkedIn connections. In the book, she goes through the process from recruitment to disillusionment, She was able to do this since her own job was made redundant at a point before she wanted it to be, but then she did fieldwork to learn more about the natives.

What this book reminds me of most of all is the book by Kevin Roose from a couple of years that got a lot of notice, “Young Money”. That book lacked in its breadth since it only really examined the situations of five or six people, where Ho tries to generalize her experience, and in my reading, she is much more effective than Roose was. The problem is that Roose had experience writing for a popular audience every day. Though this book has been through edits, it is still very much an academic book in the soft sciences / arts. I had seen the word “problematize” several times and it was only about half way through I thought I should keep track of that word as a proxy for how “Academic” the book was. A skilled editor could have cut half the book and made it a much more effective popular book. Ho could have done the press and maybe even had a TED talk. Talk about a missed opportunity! But for what it is, the book is very successful and very compelling for catching a brief period in time that will probably only differ in degree of the levels of tech for the next generation, no matter the humiliations that come about from recessions not foreseen or even caused by the financial sector.

Donna says

Best best best! explication of subprime crisis and Wall Street culture. The ethnographic approach works. The history in this book was fascinating. It describes, in part, the metamorphosis of the corporation as solid entity to a lava lamp-like liquidity with emphasis on share-holder value. I don't know where lava lamps would fall on the liquidity scale, but 'the Roots and Narratives of Shareholder Value' definitely my favorite chapter. And this, from 'Downsizers Downsized', " In addition to being more liquid than the rest, Wall Street's larger social--and market--purpose is also the necessary evil of forcing the average worker to become more liquid. Investment banks thus position their own approach to change as THE reference point for corporate America, and investment bankers, the least 'lumpy' of workers, function as the ideal (currency) standard--that is, the most cash like--of employment."

As they say in the movie 'Swingers', "You're money."

Jane S says

This is a very closely written yet riveting ethnographic account life and work in the world of Wall St, and definitely counts in my book as a classic of the genre. The author delved not only into the workings and psychological underpinnings of the Street's denizens but also the origins of more meta perspectives and historiographies of overarching tropes such as shareholder value. A valuable addition to the annals of ethnographic research and highly recommended.

Shelley says

Karen Ho has constructed such a in depth analysis of Wall Street and it's functioning without losing herself in technical jargon or oversimplification of ideas that makes this such a riveting read. Im a huge fan and I learned a lot.

Zj says

Really enlightening. Demystifies Wall Street by reading it from a point of view that is so refreshingly human. A book that anyone seeking to understand finance or economics should read. Ho reveals the financial crises so often attributed to abstract "market forces" to be a product of a Wall Street culture of elitism that begins with Ivy League cliques and is supported by a cut-throat occupational environment characterized by norms of exhausting work schedules, perfectionism, and instability. A very well-researched and well-written book.

Colleen says

Although an often frustrating book to get through because it was not well written, contains enormous amounts of redundancy and an excessive amount of quotations where paraphrasing would have worked

much better, and often feels like she working out additional research questions as she writes, , this is a ****super**** important study that has many nuggets of brilliance and invaluable contributions to social science literature on wall street, finance, crises of capitalism, etc. Unlike the vast majority of anthropologists and sociologists (with a few notable exceptions like Brooke Harrington) who choose to study the marginalized, people who are easy to get access to, Karen Ho studied "up." And, in studying up, she not only conjectured from afar about their motives, worldview, and so forth, but actually worked among them (investment bankers) and interviewed over a hundred of them extensively. The main takeaway for me, and one which I had not given particular thought to, is that when we appeal to abstract, globalizing forces of capitalism, we in a sense cede to them a kind of inevitable power, as if they were an invisible hand. When, in fact, day-to-day *practices* and cultures instantiate these "forces." Capitalism as it exists today and the disruptions it creates have evolved as cultures in investment banks have evolved to emphasize value extracted now, without any regard for the future. Ho makes other important points, such as the clash between corporations and investment banks in terms of culture and temporality (also something I hadn't thought about), and Wall Street workers' identification with "the market," and their acceptance of precariousness and "liquidity" in their own lives because of that allegiance. I think the book could have been 150 pages shorter and perhaps made her major points clearer and more accessible to a wider audience who needs this type of book. Especially when she belabors the point about how Wall Streeters see themselves as "smart" without really challenging what that means and especially without challenging what "elite" means in terms of higher education and how that often is just a proxy for class-based access, I wanted to put the book down. But I'm glad I kept reading, because it deserves 5 stars for its contribution to the field.

Dirk says

Must read if you are interested in economic sociology, sociology of financial markets, etc.

Karen Ho provides great insights into the workings and culture of finance. Eventually, it is quite depressing to see how little seems to have changed since the 2008 crisis, and how helpless governments seem to be in addressing the structural problems of financial institutions and financial markets. Also, the book provides a great starting point for those teaching economic sociology, finance and accounting, and marketing, to revise their syllabi that they include issues like 'profit', globalisation, markets, etc.

Duke Press says

“Ho’s refreshing ethnography of the daily lives of Wall Street investment bankers . . . outlines a web of practices, beliefs and structures that may be vital to understanding what keeps the market system in place despite built-in instabilities.”--*Publishers Weekly*

“Karen Ho has picked an excellent time to publish her fascinating new study . . . of Wall Street banks. . . . As field-sites go, Wall Street is not classic anthropological territory: ethnographers typically work in remote, third-world societies. . . . Ho nevertheless embarked on her study in classic anthropological manner: by blending into the background, listening intently, in a non-judgmental way – and then trying to join up the dots to get a ‘holistic’ picture of how the culture works. That patient ethnographic analysis has produced a fascinating portrait that will be refreshingly novel to most bankers.”--Gillian Tett, *Financial Times*

“*Liquidated: An Ethnography of Wall Street* asks many questions that those who work in the investment field should ask themselves. Is constant change at investment banks wrong? Or is it an intelligent way of

operating in a competitive, rapidly changing global business? Wall Street firms that succeed over the long run are adept at quickly shutting down business units that prove to be nonstrategic and starting new ones. As for job insecurity, it leads investment bankers to morph instantly into successful job hunters and mobile survivors. Although many in the financial industry will not agree with Ho's hypotheses and conclusions, they will be challenged by the questions she raises and enthralled by the body of fieldwork she presents."--Janet J. Mangano and Martin S. Fridson , CFA Institute

"The book's great strength lies in Ho's careful observation of the means by which people succeed or fail on Wall Street, as she punctures many of the assumptions about how markets work."--Keir Martin, *Times Literary Supplement*

Michael says

Karen Ho - professor of anthropology and one time Wall St insider - has produced a landmark text that slices financial capitalism into slivers of contradiction, self-deception and hubris.

Her narrative starts with the innocent and everyday: what it takes to get into a Wall St firm and what it's like to work there. It's only for the "best", the "brightest" and the slavishly hard-working. Soon enough she turns to the ideology of Wall Street in which white knights on greenbacks save the poor and mistreated shareholder from the greed of the perennial villain: the lazy, clueless corporate manager - known at Goldman Sachs, according to a recent NYT letter, as "muppets".

The climax of her critique is the chapter on historiographies. She shows how trends in 20th century business strategy and organisation structure were shaped by fads in investment rather than Harvard Business Review. More troubling though, is how the i-banks led corporate America to conglomeration in the 60's only to cull them in an orgy of asset stripping and downsizing two decades later.

If you have it in for Wall St, read Liquidated in parallel with semiotext(e)'s The Violence Of Financial Capitalism; you'll burn with the zeal of Karl Marx. If you wonder how things got this way read it with Wall St (Geisst) and Business Cycles (Lars Tvede). If you're wondering whether it has to stay this way consider The Failure of Corporate Law (Kent Greenfield).

No matter how you read it, it's unlikely you'll ever again see financial capitalism purely through the lens of those self-congratulatory, pre-2007 adverts promoting Morgan Stanley, Merrill Lynch, Charles Schwab, et al.

Here's hoping that Karen Ho has a long, fruitful career at the intersection of anthropology and the corporation. Can't wait for her next outing.

Fluffy Singler says

If you want to know how the economic crisis of 2008 started, then read *Liquidated*. It talks about the culture of Wall Street and how it is diametrically opposed to the values of Main Street. It basically shows the parasitic relationship of Wall Street to Main Street and the way that they will kill off companies to make a profit, the way a parasite kills what it feeds upon. Not much of this was terribly surprising to me, having temped at corporations, including some who bought up failing companies! But it is a good and very important read, especially for those who advocate reforming Wall Street.

Jesse says

Sometimes anthropologists have an extremely annoying way of writing so this took forever to get through, but it was worth it. The research is excellent. If you suspected that investment bankers are rat racing morons, you are correct-- she identifies a lot of the reasons why the entire stock market game is pretty absurd as well, but in particular the way investment banks and bankers screw themselves and the rest of us. Fascinating conclusions and good writing. I'd encourage anyone who is even remotely interested in finance, or who is a blind subscriber to the American system to at least skim this one.

BlackOxford says

Against Excellence

If you want to understand the source and the consequences of the rhetoric of modern finance, this is your book.

Ho is an anthropologist who lived and worked among the natives of Financeland and survived to tell about it. Her analysis is brilliant, her anecdotes are priceless, her insights are thrilling.

The way in which companies like Goldman Sachs and McKinsey create personalities, even for those who never work in finance much less who work for them, is remarkable. These are the real sources and defenders of modern American, and global, elitist culture.

The tool of this culture is language. Learning the language is inseparable from adopting the culture of self-proclaimed excellence. It is this central idea of inherent superiority that justifies both ambition - one owes it to one's talents and to the society which needs these talents - as well as the superior rewards that result.

The public ideology of this culture is economic, specifically financial, efficiency. And indeed this ideology is applied ruthlessly by the culture to itself. If you don't produce or if circumstances dictate, you are permanently expendable. Loyalty is at best a conditional virtue. Nevertheless the elite will always be in demand. Excellence is malleable and can readily find new ambitions with their own rewards.

The costs in terms of relationships like family and even the most liberal interpretation of personal integrity are enormous but simply inexpressible in the culture. A must read for any young person tempted by the popularised magic of Wall Street.

Jina says

I read this at the same time as *Richistan* and *Young Money*. Like the latter, Karen Ho focuses on Wall Street. She was an anthropology grad student who took a sabbatical to work on Wall Street; her ethnography is based on both her experiences during the year she worked there and interviews with the contacts she made during her work. The language is a bit stilted, but once you get used to it, she has a number of insights.

Examples:

- * Workers are motivated by being constantly told how smart they are (while being given the most repetitive and uncreative of tasks). Reminds me of the discovery I had back in college, that people will tell you that you're smart or have "so much potential" to get you to work harder, with the academic system being a pyramid scheme built on the labor of students. Wall Street: same deal.
 - * Good observation about how women, especially minority women, were strong in their condemnation of other women (support staff) who wore sneakers to work and then put on pumps at the office. She thinks this is because they are doubly marked as similar to the support staff and are taking pains to distinguish themselves in dress and actions.
 - * Wall Street not only thinks its workers are the smartest, but that it as an industry is smarter than Main Street; and for Wall Street, layoffs and immediate rehiring is a normal part of the work experience.
 - * Wall Street makes money on transactions, so it suffers from the "don't just stand there, do something" bias. It is unable to recommend "stay the course" strategies to the businesses it advises.
-

Chet says

Not easy but essential.

Definition of ETHNOGRAPHY

: the study and systematic recording of human cultures; also : a descriptive work produced from such research

Meanwhile the Author has written a very long book and at times is extremely redundant. For example in the area of how the banks are specific in recruiting the best and the brightest, primarily from Princeton and Harvard, after making the point effective it continues to be supported with anecdotal accounts leaving me with the repeating the famous movie line...."You had me at hello"! Even accounting for abstract nuances Karen Ho repeats the understood at the cost of focus as I found myself hoping to get to the next subject repeatedly.

I do believe, though, this overview of a vital industry and specifically of the investment Banker that inhabits its offices and halls is extremely helpful by adding both substance and context to a largely close off culture. This is especially important when you consider the Media coverage of the Banking industry has been mostly superficial low-lighted by catchy front page slogans, hardly beneficial to those who are seeking a more balanced understanding of an obviously complex institution.

I would recommend the book with the provision that skimming is OK although hard as the book is set-up in a form that promotes this practice, but it can be done.
