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Larsson Heidenblad, David

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LUND UNIVERSITY

PO Box 117
221 00 Lund
+46 46-222 00 00

Financial knowledge

A rich new venture for historians of knowledge

David Larsson Heidenblad

The history of knowledge ostensibly encompasses much more than science and scholarship. Yet, most empirical studies to date, including my own, have been preoccupied with learned spheres. Simone Lässig has described the situation in terms of a ‘noticeable gap’ between a programmatically broad research agenda and a considerably narrower research practice.¹ Hence, to some observers, the history of knowledge seems to be little more than the rebranding of intellectual history and the history of science.² In my view, however, such an understanding underestimates the impulses from social and cultural history, which have been instrumental for the field’s formation.³ To me, the distinguishing mark of the history of knowledge is a decisive commitment to explore the social reach and relevance of various forms of knowledge in specific historical contexts—a perspective which neighbouring fields have been prone to neglect.⁴

This take on the history of knowledge has manifest consequences for empirical research. It implies a deliberate shift in analytical focus towards processes and phenomena, which touch on the lives of the many, not just the select few. When historians of knowledge study environmentalism in the late 1960s or crop failures in the eighteenth century, they pursue a research agenda that differs from the conventional lines of inquiry in their respective fields.⁵ This reduces many topics and actors of legitimate interest to historians of science and intellectual historians—the daily routines in a laboratory, the global travels of the elite, scholarly lineages and connections—to the level of peripheral interest to historians

of knowledge committed to studying forms of knowledge with decisive societal relevance. The purpose of this essay is to demonstrate how this take on the history of knowledge can be highly beneficial when finding and framing important new research themes.

My chosen topic is the ‘financial arts’ or ‘financial knowledge’—that is, ‘how people teach, learn, and think about a variety of financial behaviours, from saving and investing to borrowing and spending’.⁶ These activities have a profound impact in people’s lives in capitalist societies. Yet, as a field of knowledge, finance has had a weak connection to formal education and academic institutions. Most people in the modern era have not acquired their financial knowledge from teachers or textbooks, but rather from a plethora of other actors, ranging from friends and relatives to bankers, financial advisers, and journalists. In addition, financial knowledge permeates everyday life. Hence, the topic promises to answer Anna Nilsson Hammar’s call for historians of knowledge to move beyond the study of ‘knowledge claims’ and towards the study of lifeworlds and practices.⁷

Financialization

My own research interests are late modernity and the so-called ‘financialization of everyday life’. The term refers to the way in which financial markets have become ever more important for an increasing number of people in recent decades.⁸ Savings and investment cultures all over the world have undergone a sea change as a result.⁹ Financialization has given rise to new forms of engagement between citizens and financial markets. The changes comprise the rise of ‘mass investment cultures’ and the emergence of ‘popular finance’.¹⁰ Central to this historical process is that financial knowledge has started to circulate more strongly in society.

Swedish developments provide a particularly good example of the financialization of society. Until the late 1970s, financial securities were of limited concern to the public. Sceptical attitudes towards capitalism, trade, and industry were prevalent. A minority of the population owned stocks, bonds, and mutual funds. Today the situation is reversed. Reformed public pension schemes have turned almost every adult citizen

into an investor; digitalization and new financial actors have made the practice of investing in securities nearly effortless and very affordable; the rates of tax on assets and capital have been lowered and simplified. So when, where, and how did all this happen? Social scientists provide us with some answers and guidance, but as a historian, I have found the discussion of financialization hitherto somewhat lacking in historical specificity and empirical depth. I am inclined to believe that historians of knowledge could make important contributions.

In fact, scholarly engagement with the topic is already underway. Financial knowledge has recently garnered attention among historians of knowledge at the German Historical Institute in Washington. In March 2019, Nicholas Osborne and Atiba Pertilla arranged a workshop on ‘The Transmission of Financial Knowledge in Historical Perspective, 1840–1940’. The two are researching the emergence of American investment culture in the nineteenth century, and especially how it intersected with major social transformations such as immigration. They define financial knowledge as that which historical actors themselves understood, managed, and used as knowledge in a variety of financial activities. Whether that knowledge was accurate, false, or questionable is not the point; rather, it is its historically specific social significance that takes centre stage.¹¹ This theoretical underpinning is useful for studies of other societies and periods. For my part, it has helped in the design of a new research project on financialization in Sweden from the late 1970s and up to the present.

Financialization in Sweden

My current project is inspired by the pioneering work by Orsi Husz, who has studied the early phases of financialization in Sweden, chiefly in the 1950s and 1960s. Her research demonstrates how the wider population became bank customers and how commercial banks promoted new financial identities, and highlights the gender and class aspects of these processes.¹² Husz’s work makes evident that new relationships were forged between banks and households in the 1960s; however, financial markets and investments in securities seem to have been marginal.

My own impression, formed by surveying contemporary sources and a range of literature (including bankers and business memoirs), is that it was only in the late 1970s and early 1980s that we can first see the contours of popular finance and mass investment culture in Sweden.¹³

This was when the Swedish government introduced new forms of favourably taxed savings and investment accounts. Initially called *skattesparkonto* and *skattefondkonto*, in the mid-1980s they were succeeded by the considerably more popular *allemansspar* and *allemansfond*. By then the stock market had started to surge, after going sideways in the 1970s, and this paved the way for new forms of business journalism, such as the magazine *Privata affärer* (1978) and the remaking of *Dagens Industri* into a daily business newspaper (1983).¹⁴ Membership of *Aktiespararnas riksförbund* (the Swedish shareholders' association, founded in 1966), began to grow rapidly; the business magazine *Veckans affärer* launched the popular competition, *Aktie-SM* (the Swedish Investment Championship), where prospective investors could try their hands at investing without actually putting real money in the stock market; an independent foundation, *Aktiefrämjandet* (1976), was founded to promote stocks and shares as a savings form. To be sure, the late 1970s and early 1980s was a formative moment in the history of financialization in Sweden. Yet hitherto it has received scant attention in the empirical literature.¹⁵

Another crucial moment in the history of financialization was the late 1990s and early 2000s. These were the years of major pension reform, the public offering of Telia the state-owned phone company, and dramatic surges and plunges on the stock market.¹⁶ It was in this period that the ethnologists Mats Lindqvist and Fredrik Nilsson took an interest in the growing public engagement in financial markets. They combined an analysis of financial communication in the mass media with ethnographic fieldwork at financial fairs, educational courses, and the meetings of a local savings club.¹⁷ Yet, despite doing their research during the first dot-com bubble and its aftermath, the Internet was marginal to their studies. This indirectly confirms the profound effect that digitalization has had on the most recent history of financialization. Social media, today one of the key arenas for the circulation of financial knowledge, was of marginal relevance in 2000. For investors, bank offices were still

more important than online services, and there was no such thing as a user-friendly investor app on a mobile phone. It all points to the fact that the first two decades of the twenty-first century have witnessed yet another transformative phase in the history of financialization.

For historians, the very recent past is not typically a subject of empirical research. As a profession, for good reasons, we like to maintain a distance. However, in the case of financialization in Sweden, I think historians of knowledge are well equipped to make important contributions by subjecting events in the twenty-first century to empirical scrutiny. The methods we have developed to study the circulation of knowledge—paying close attention to how media forms mould knowledge, examining a broad range of knowledge actors and arenas, putting a premium on chronological sequencing—is a natural starting point. Moreover, by employing a longer historical perspective, it is possible for us to distinguish the things that are truly new in the twenty-first century from those that are not.

I will consider one such example of a historical phenomenon, which, at least in the Swedish context, is of very recent date: private individuals' pronounced, publicly documented quest for financial independence. Yes, this is anything but a mass phenomenon; however, the practical implications for the lives of those involved are profound. This is financial knowledge that is truly practised, preached, and lived. Neither is it an elite phenomenon: it is lay capitalism. I thus present the quest for financial independence in the twenty-first century as a prism through which to study active engagement in the stock market, holding it to be an illustrative and thought-provoking example of what the financialization of everyday life can entail.

In the mid-2010s, the Swedish press began publishing stories about ordinary people in their thirties and forties who had achieved financial independence (FI) by living frugally and investing in the stock market. Internationally, this is known as FIRE, short for financial independence, retire early. The definition of FI in this context differs from conventional measures of wealth in absolute terms, such as annual salary or net worth. Rather, the definition is personal and relative: you are FI when your passive income (that is, your capital income) exceeds your

every expenditure. Hence, you do not necessarily need a high income to become FI. What you do need is to spend much less than you earn over a prolonged period. Among its adherents, this is known as maintaining a high savings ratio. Once you attain FI, you no longer have to work for a living. The dividends on your stock portfolio are all you need to get by.

The basic ideas and practices underpinning FI are not novel. What is new, however, is their wide popular appeal and global reach. The digitalization of society has been a prerequisite, both for how it has simplified the investing process, and for providing the social media platforms, which are instrumental to how this kind of financial knowledge circulates. One salient feature of FI is personal finance blogs, so-called FIRE blogs, where individuals and families document and discuss their FI journey. Popular American blogs such as ‘Early Retirement Extreme’ (2007–) and ‘Mr Money Moustache’ (2011–) attract large followings and function as virtual communities of likeminded individuals. In Sweden, one of the oldest and most popular FIRE blogs is ‘Miljonär innan 30’ (2006–) which chronicles the anonymous blogger’s journey from humble beginnings to early retirement in 2017, when he was still in his late thirties. For historians interested in how financialization has been lived, practised, staged, and developed, blogs are a rich body of source material.

Yet, the social media is not the only arena where this type of financial knowledge circulates. Traditional media, not least books, are still highly relevant. Some Swedish bloggers with a large following, for example the aforementioned ‘Miljonär innan 30’ and the twitter profile Arne Talving, have recently published bestselling financial advice books about how to achieve FI.¹⁸ However, it is the case that the major publishing houses have been outmanoeuvred by small, niche publishers specializing in self-help and business literature.¹⁹ And while financial advice literature is not a new genre—many of the actors studied by Orsi Husz, such as Gunnel Petre and Frideborg Cronsioe, published financial advice books in the 1960s, and were followed by new authors in subsequent decades—I have nevertheless not been able to find any Swedish financial advice literature from the second half of the twentieth century that promoted FI. In fact, the first titles on FI appeared in 2003, when American bestsellers, notably Robert Kiyosaki’s *Rich Dad, Poor Dad: What the Rich Teach*

their Kids about Money—That the Poor and Middle Class Do Not (1997), were published in Swedish translation.

Kiyosaki has a devoted following all over the world. He originally wrote his book to promote a didactic board game of his own design called *Cash Flow*, intended to teach people the financial knowledge necessary to become FI. His basic premise is that people, based on how they spend their money, belong to one of three different categories. Poor people buy stuff—things that decrease in monetary value after the initial transaction. The middle class buy liabilities, for example houses and cars, which continuously cost them money. Rich people, on the other hand, buy assets that generate cash flow, such as stocks, bonds, and property that generates rents. Subsequently, the rich use the money generated by their assets to buy stuff and liabilities, as well as more assets. Hence, they are not dependent on generating a steady stream of income through their payroll. They have, in Kiyosaki's words, 'escaped the rat race', stopped being 'a wage slave', and entered 'the fast lane'.²⁰

The sociologist Daniel Fridman has done the most detailed study of FI in general and of Kiyosaki's teachings and followers in particular. He has conducted fascinating comparative fieldwork in New York and Buenos Aires in order to understand how people actively engage with these ideas and practices. His study demonstrates that the globalization of financial markets has opened up new venues for American financial gurus such as Kiyosaki to circulate financial knowledge. While such teachings are distinctly situated in an American context (as regarding legislation, taxation, and the relative stability of financial markets) his followers creatively adapt them to an Argentinian context in order for them to make sense in their lives. At the heart of Fridman's study is the way the quest for FI creates new 'neoliberal subjects', a term common in the Foucauldian tradition of social science that is central to the study of financialization. Kiyosaki's work fits this understanding neatly, as he explicitly states that people have to transform their thinking in order to become FI: they have to let go of deeply rooted ideas and strive for independence from their boss, their workplace, their family, the state, and society. True freedom is achieved through self-control, or in Fou-

cauldian terms, self-government. This is the prerequisite for acting like the rich and mastering financial markets.²¹

Fridman's study provides highly interesting points of comparison for my research project, and by extension poses the question of what is specific to the Swedish case I intend to analyse. How has financial knowledge been actively adapted to the Swedish national context, and how has that context changed historically? Moreover, what distinguishes digital arenas, such as blogs and Twitter, from the social events studied by Fridman? And what can we learn by comparing Swedish and American FIRE bloggers? Questions abound, and there is certainly no lack of intriguing possibilities for empirical research.

It seems clear to me that the perspectives, methodologies, and analytical concepts developed in the history of knowledge have a great potential to enrich the history of financialization. To date, the main methods employed have been discourse analysis and ethnographic fieldwork. Hence, historical perspectives on 'everyday life' are largely synonymous with changes in, or the perseverance of, certain financial discourses. While this is certainly important, insights from ethnographic fieldwork, as well as statistical analysis of actual financial behaviour, indicate that 'financial discourses may not be as powerful as they are prevalent'.²² Hence, there is a distinct need for historical research that goes beyond the discursive level to study actors, organizations, actions, and events. Historians of knowledge are well equipped to engage in such a venture.

Epilogue: From debating to doing

In the autumn of 2017, Johan Östling, Anna Nilsson Hammar, and I launched the history of knowledge seminar series in Lund. For the occasion, we had invited the Swedish historian of science Staffan Bergwik to discuss the relationship between the history of science and the history of knowledge. Towards the end of his talk he paraphrased the opening sentence of Steven Shapin's landmark essay, 'History of Science and its Sociological Reconstructions': 'One can either debate the possibilities of the history of knowledge, or one can just do it.'²³ For me, this quote resonates profoundly. I have been active in the field since the autumn of

2014, and over time have become convinced that general discussions of what the history of knowledge is and encompasses are starting to have diminishing returns.²⁴ I would argue that what the history of knowledge needs is innovative, original, empirical research that demonstrates the field's potential. It needs its own Martin Guerre, Montaillou, or Great Cat Massacre.

My argument in this essay is that historians of knowledge would do well to direct their attention to the social reach and relevance of various forms of knowledge. For me, this understanding paves the way for original lines of research, such as the study of financial knowledge and its many histories. My current venture opens up numerous possibilities to do research grounded in a broad conception of knowledge, an interest in societal circulation, and a scholarly engagement with lifeworlds and practices. Such histories of financial knowledge would certainly be of great interest to social scientists and economic historians. Moreover, it is plain that this is an area where historians of knowledge could use their research to spur important public conversations.

Financial knowledge is by no means the only way to develop the history of knowledge, of course. I do not suggest that the broadly conceived research agenda should be abandoned. However, I do believe that there is a growing need for research clusters around certain periods and problems. Ideally, these research clusters would address issues that are not currently being studied in neighbouring fields, or at the least, not studied in the same ways. If we were to succeed in this endeavour, it would not only distinguish the history of knowledge from other branches of scholarly inquiry, it would also provide us with strong arguments for the field's potential to invigorate historical scholarship at large.²⁵

Notes

- 1 Simone Lässig, 'The History of Knowledge and the Expansion of the Historical Research Agenda', *Bulletin of the German Historical Institute* 59 (2016): 54.
- 2 Lorraine Daston, 'The History of Science and the History of Knowledge', *KNOW: A Journal on the Formation of Knowledge* 1/1 (2017).
- 3 Johan Östling, 'Vad är kunskapshistoria?', *Historisk tidsskrift* 135/1 (2015); Peter Burke, *What is the History of Knowledge?* (Cambridge: Polity, 2016).

- 4 Johan Östling & David Larsson Heidenblad, 'Cirkulation—ett kunskapshistoriskt nyckelbegrepp', *Historisk tidskrift* 137/2 (2017): 279–280; Johan Östling, Erling Sandmo, David Larsson Heidenblad, Anna Nilsson Hammar & Kari H. Nordberg (eds.), *Circulation of Knowledge: Explorations in the History of Knowledge* (Lund: Nordic Academic Press, 2018): 17–24.
- 5 David Larsson Heidenblad, 'Mapping a New History of the Ecological Turn: The Circulation of Environmental Knowledge in Sweden 1967', *Environment and History* 24/2 (2018); see also Erik Bodenstein's essay in this book.
- 6 Lendol Calder, 'Saving and Spending', in Frank Trentmann (ed.), *The Oxford Handbook of the History of Consumption* (Oxford: OUP, 2012): 349–350; Nicholas Osborn & Atiba Pertilla, 'The Transmission of Financial Knowledge in Historical Perspective, 1840–1940', *German Historical Institute*, 1 September 2019, <https://www.ghi-dc.org/events-conferences/event-history/2019/conferences/financial-knowledge/>.
- 7 Anna Nilsson Hammar, 'Theoria, Praxis, and Poiesis. Theoretical Considerations on the Circulation of Knowledge in Everyday Life', in Johan Östling, Erling Sandmo, David Larsson Heidenblad, Anna Nilsson Hammar & Kari H. Nordberg (eds.), *Circulation of Knowledge. Explorations in the History of Knowledge* (Lund: Nordic Academic Press, 2018): 112–113.
- 8 Randy Martin, *Financialization of Daily Life* (Philadelphia: Temple University Press, 2002); Rob Aitken, *Performing Capital: Toward a Cultural Economy of Popular and Global Finance* (New York: Palgrave MacMillan, 2007); Paul Langley, *The Everyday Life of Global Finance: Saving and Borrowing in Anglo-America* (Oxford: OUP, 2010); Natascha van der Zwan, 'Making Sense of Financialization', *Socio-Economic Review* 12 (2014): 111–114; Erik Andersson, Oskar Broberg, Marcus Gianneschi & Bengt Larsson (eds.), *Vardagslivets finansialisering* (Centrum för konsumtionsvetenskap, CFK-rapport, 2016).
- 9 Sheldon Garon, *Beyond Our Means: Why America Spends while the World Saves* (Princeton: PUP, 2012).
- 10 Adam Harmes, 'Mass Investment Culture', *New Left Review* 9 (2001); Brooke Harrington, *Pop Finance: Investment Clubs and the New Investor Populism* (Princeton: PUP, 2008).
- 11 Osborne & Pertilla, 'The Transmission of Financial Knowledge'; Nicholas Osborne, *Little Capitalists: The Social Economy of Saving in the United States, 1816–1914* (unpublished Ph.D. thesis, Columbia University, 2014); Atiba Pertilla & Uwe Spiekermann, 'Living the American Dream? The Challenge of Writing Biographies of German-American Immigrant Entrepreneurs', *Bulletin of the German Historical Institute* 55 (2014); see also related discussions in Alex Preda, 'The Rise of the Popular Investor: Financial Knowledge and Investing in England and France, 1840–1880', *The Sociological Quarterly* 42/2 (2001).
- 12 Orsi Husz, 'From Wage Earners to Financial Consumers: Cheque Account

- Salaries in Sweden in the 1950s and 1960s', *Critique Internationale*, 69/4 (2015); Orsi Husz, 'Golden Everyday: Housewifely Consumerism and the Domestication of Banks in 1960s Sweden', *Le Mouvement Social* 250/1 (2015); Orsi Husz, 'Bank Identity: Banks, ID Cards, and the Emergence of Financial Identification Society in Sweden', *Enterprise & Society*, 19/2 (2018).
- 13 Ingemund Hägg (ed.), *Stockholms fondbörs: Riskkapitalmarknad i omvandling* (Stockholm: SNS, 1988); Jan Glete, *Nätverk i näringslivet: Ägande och industriell omvandling i det mogna industrisamhället 1920–1990* (Stockholm: SNS, 1994); Stig Nordvall & Anna-Greta Sjölander, *30 år med Aktiespararna. 1966–1996* (Stockholm: Sveriges aktiesparares riksförbund, 1996); Jan Wallander, *Forskaren som bankdirektör* (Stockholm: SNS, 1998); Gustaf Douglas, *Med blicken på stigen* (Falun: Scandbooks, 2016); Linda Vikström, *Aktiespararna 50 år 1966–2016. Människorna, affärerna, fajtarna, lärandet* (Stockholm: Aktiespararna, 2016).
 - 14 Maria Grafström, *The Development of Swedish Business Journalism: Historical Roots of an Organizational Field* (Uppsala, 2006).
 - 15 Dick Forslund, *Hit med pengarna! Sparandets genealogi och den finansiella övertalningens vetandekunst* (Stockholm: Carlsson, 2008): 167–179.
 - 16 Urban Lundberg, *Juvelen i kronan. Socialdemokraterna och den allmänna pensionen* (Stockholm: Hjalmarsson & Högberg, 2003); Urban Lundberg (ed.), *Mellan folkbildning och fonrådgivning: Nya perspektiv på pensionssystemet* (Stockholm: Institutet för framtidsstudier, 2007); Claes Ohlsson, *Folkets fonder? En textvetenskaplig studie av det svenska pensionssparandets domesticering* (Gothenburg: Institutionen för svenska språket, 2007); Forslund, *Hit med pengarna!*.
 - 17 Mats Lindqvist, *Is i magen: Om ekonomins kolonisering av vardagen* (Stockholm: Natur & Kultur, 2001); Fredrik Nilsson, *Aktiesparandets förlovade land: Människors möte med aktiemarknaden* (Eslöv: Brutus Östlings bokförlag Symposion, 2003).
 - 18 *Miljonär innan 30; Så kan du också bli miljonär innan 30 och pensionär innan 40* (Vaxholm: Sterners förlag, 2017); *Miljonär innan 30, Den enkla vägen till ekonomisk frihet. Vägen dit och vad händer sen?* (Vaxholm: Sterners förlag, 2018); Arne Talving & Markus Hernhag, *Den enkla vägen: Bli rik och fri* (Vaxholm: Sterners förlag, 2018).
 - 19 Notably Ekerlids förlag, Sterners förlag, and Aktiesparna kunskap.
 - 20 Robert Kiyosaki, *Rich Dad, Poor Dad: What Rich Teach their Kids about Money—that the Poor and Middle Class Do Not* (London: Time Warner, 1997).
 - 21 Daniel Fridman, *Freedom from Work: Embracing Financial Self-Help in the United States and Argentina* (Stanford: Stanford University Press, 2017).
 - 22 Van der Zwan, 'Making Sense of Financialization', 113.
 - 23 Steven Shapin, 'History of Science and Its Sociological Reconstructions', *History of Science* 20 (1982): 157.
 - 24 For the most recent example, see Martin Mulsow & Lorraine Daston, 'The History

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of Knowledge', in Marek Tamm & Peter Burke (eds.), *Debating New Approaches to History* (London: Bloomsbury, 2019): 159–187.

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