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The color of money at the financial frontier

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**ABSTRACT**

This article takes up recent calls to further problematize race in international political economy by focusing on money at the frontier of global finance. We draw upon the Black radical tradition's theoretical formulations of racial capitalism, which we bring into dialogue with conceptualizations of money and finance as developed within the critique of political economy. Money is the most supreme and abstract incarnation of wealth and class power, yet it is also suffused with racial and colonial logics of differentiation. To explore this tension, we offer a relational-comparison of two sites of frontier finance, namely cross-border investment and digital financial inclusion in developing countries. We trace the mechanisms through which race affects the operations of money and finance across these two sites. We argue that racialized difference is mobilized and reproduced at three key moments in the construction of investibility at the financial frontier: (1) the re/making of a development ‘problem’; (2) the construction of racialized ideal-typical financial subjects; and (3) processes of risk valuation and the legitimation of surveillance, discipline, and extraction. This allows us to characterize the color of money at the financial frontier as a particularly potent and violent combination of the *abstractive powers* of race and money.

**KEYWORDS**

Race; finance; development; money; racial capitalism

**Introduction: is development finance color-blind?**

In 2020, banks, asset managers, and the investment community in general made loud proclamations in reaction to the movement for Black Lives. Many released public statements denouncing the murder of George Floyd, police brutality and systemic racism, and promised to ‘work harder’ to reduce racial inequities by creating funds specifically dedicated to investing in non-white communities, by promoting ‘diversity hiring’, and by scaling up various forms of Environmental Social and Corporate Governance investing. Goldman Sachs, for instance, announced with great fanfare the creation of Goldman Sachs Fund for Racial Equity ‘to support the vital work of leading organizations addressing racial injustice, structural inequity
and economic disparity. In addition to the plethora of standalone and collective pledges, media outlets such as the Financial Times, Forbes, and the New York Times gave space in their pages to investors to explain (presumably to the general public) ‘how they are addressing racial injustice’ by expanding ‘impact investing’ but also by pressuring (through bond markets) municipalities and state governments ‘to operate more equitably.

Interestingly, the conversation has not only involved actors primarily concerned with investing in the United States and other advanced capitalist economies with large postcolonial populations, but also financial institutions which invest across borders. For example, in their statement of support to Black Lives Matter, the Emerging Markets Investors Alliance, an organization dedicated to ‘enabl[ing] institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest’, emphasizes that Brazil, South Africa, India, Mexico, Kenya, the Philippines ‘and many other emerging market countries also grapple with some form of systematic color-related discrimination’. ‘Investors’, the statement proudly adds, ‘have an important role to play in helping to repair an imperfect world.

We are well aware that many of these pledges are exercises in public relations and sloganeering. Yet they nonetheless raise the important question of the relation between finance and enduring racial inequities within and across territorialized nation-states, particularly where the targets of investment are non-white populations or firms and governments in non-white majority nation-states. We explore this question in this article by scrutinizing two such modalities of investment: cross-border capital flows to so-called ‘frontier’ and ‘emerging markets’, and (digital) financial inclusion in developing countries.

As such, we take up calls to further problematize race and/in (international) political economy (Best et al., 2021; Tilley & Shilliam, 2018) by focusing on questions of development, debt, and money at the frontier of global finance. Notwithstanding the racial and colonial origins of the development ‘project’, race is rarely afforded analytical importance in the international political economy of development literature (Kothari, 2006; Pailey, 2020; Wilson, 2013). This is all the more so in studies of contemporary finance and development, where the question of race is conspicuously absent, despite the role that finance has played in the violent histories of imperialism, colonialism, and transatlantic slavery (Dannreuther & Kessler, 2017; Hudson, 2017; Kish & Leroy, 2015). This silence sharply contrasts with the burgeoning literature on the intersections of race and debt, including recent studies of the racialized impacts of financial crisis, austerity, and financial practices such as subprime lending and ‘redlining’ (e.g. Chakravartty & da Silva, 2012; Taylor, 2019). This scholarship, although often centered on the United States’ experience, importantly contributed to a renewal of interest in the concept of racial capitalism, as developed by scholars in the Black radical tradition (Robinson, 1983). Racial capitalism broadly refers to the variegated processes in which the production of race and racism ’enable key moments of capitalist development… and operate both through the exercise of coercive power and through the mobilization of desire’ (Bhattacharyya, 2018: ix).

Our contribution therefore aims to bridge this divide. It is intended to bring discussions of money and development finance into the broader theoretical ambit
of racial capitalism. We propose to unpack some of the key modalities through which race is implicated in the operations of global development finance, or what we call, following others, the ‘color of money’ (McNally, 2006). As Bourne et al. powerfully put it, ‘many of the phenomena associated with finance, finance capital and financialization cannot be fully understood without reference to imperial, colonial and racialized realities, past and present’ (Bourne et al., 2018: nd). By focusing on two forms of development finance—that is cross-border investment and (digital) financial inclusion—we contribute to the project of illuminating the racialized realities of our financialized present.

Rather than primarily concerning ourselves with dominant world financial centers such as Wall Street, the City of London, La Défense, Bankenviertel and so on, which tend to be the standard analytical focus of international political economy, we follow recent calls to ‘trace outward’ the multiple connections between these centers of money-power and other geographical spaces, in order to reveal how global finance is inhabited by the ‘Ghosts of Empire’ (Bourne et al., 2022). In particular, we trace their connections to two frontiers of global finance. We use the term frontier not only in the conventional metaphorical sense which predominates in the financial industry and business press, where it is used as a market-based notion to designate the practice of targeting populations/institutions which were previously not included ‘in’ the market via innovative, if not unconventional, techniques and strategies. As such, it designates a line of demarcation between conventional and nonconventional behavior (Dixon & Monk, 2014). This metaphorical sense is also geographical, insofar as it denotes ‘a new area of exploration, exploitation, and development’, a ‘territory at the margin of settled and more developed regions’ (Dixon & Monk, 2014: 858).

More precisely for our purpose, this means that we understand the financial frontier not as a neutral fact, but as an edge of space socially produced by a fusion of financial flows, practices, technologies, discourses, and geographical imaginaries, where the financial norms of the ‘core’ are both put to work, reinforced, and laid bare by directly juxtaposing them with behaviors deemed irrational, unstable, risky. As a space where boundaries are drawn, the financial frontier displays a mixture of progress, development, emergence, inclusion, and therefore lucrative opportunity, but also backwardness, unruliness, and danger. We are particularly interested in unpacking how race is implicated in the active practices of boundary-making (Bhattachryya, 2018) which define and constitute the financial frontier as an opportunity for profitmaking, while subjecting the populations who inhabit this space to intense capitalist discipline. We see the financial frontier, then, as an epistemic procedure, that is, an angle from which to scrutinize the racialized violence that underpins the operations of financial capital. Feeling the ‘rawness of the frontier’, to borrow an expression from Tsing (2005: 28), allows shedding light on the ways in which money-power works through race.

The two different analytical entry points allow us to explore how the everyday operations of money-power at the financial frontier mobilize and reproduce racialized power relations and the colonial order. While much excellent research has been produced on these two sites, there is a dearth of comparative work. They tend to be treated as discrete, separate cases, inasmuch as they involve different target populations, investors, institutional actors, financial products, discourses and geographies, and are rarely examined together. By contrast, we propose a relational
comparison of these two sites (Hart, 2018; McMichael, 1990), which we conceive as differentiated and mutually constitutive instantiations of development finance at the financial frontier, in order to generate a deeper understanding of these seemingly insular processes and practices. We trace the mechanisms and processes through which race and racial differentiation affect the operations of money and finance across these two sites of frontier finance.

The article is structured as follows. Section 2 critically reviews the literature and outlines our theoretical framework. We adopt a critical political economy perspective on money, finance, and development which we bring into conversation with the Black radical tradition’s theoretical formulations of racial capitalism, in an effort to theorize race and money at the financial frontier. We take cue from the Black radical tradition’s intellectual project of ‘theorization and narration of racial order’ (Shilliam, 2015), to remedy the color-blindness of the scholarship on cross-border investment and digital financial inclusion. In the tradition of the critique of political economy, we conceive of money as a form of social regulation which embodies a considerable amount of power in modern society. It is the most supreme and abstract incarnation of wealth and class power, yet it is also suffused with racial and colonial logics of differentiation. Working our way through this violent tension, we argue, is essential to understanding the operations of money at the financial frontier. Section 3 expounds our methodology of relational comparison and provides contextual information on our two research sites. Section 4 constitutes the core of our analysis of how race is deeply implicated in the constitution of money-power and its operations in frontier finance. We identify three key moments in which racialized difference is produced and mobilized in the production of investibility at the financial frontier: (1) the simultaneous construction of a development ‘problem’ and a financial opportunity, (2) the construction of racialized ideal-typical financial subjects, and (3) processes of risk valuation and the legitimation of surveillance, discipline, and extraction. This allows us to characterize the color of money at the financial frontier as a particularly potent and violent combination of the abstractive powers of race and money.

Race and money at the financial frontier

Responding to the absence of race as an analytical category in the (international) political economy of development finance literature, recent studies on global and micro-finance have pointed at the role that race plays in the allocation of capital flows and microfinance loans, respectively (e.g. Bhagat & Roderick, 2020; Hossein, 2016; Koelble & LiPuma, 2006). In her work on microfinance in Jamaica and Trinidad and Tobago, Hossein (2016) shows how the distribution of microloans is distorted by the racialized and gendered stereotypes of microfinance institutions’ managers and loan officers towards dark-skinned borrowers. Consequently, microcredit programs tend to take place in an exclusionary fashion. Similarly, Bhagat and Roderick (2020) demonstrate that financial inclusion programs in Kenyan refugee camps operate along racial lines. While refugees in Kakuma camp benefit from several financial inclusion and cash transfer programs, Somali refugees, mostly located in Dadaab camp and bearing the brunt of xenophobic attitudes in the country, do not have access to such financial aid. In turn, and with regard to cross-border capital flows, studies show that racialized perceptions amongst global
investors affect the pricing, amount and quality of financial capital entering so-called ‘emerging’ and ‘frontier’ markets (e.g. Schorr, 2011). For instance, representations of ‘Africa’ as ‘unruly’, ‘failed’ and ‘unstable’ shape investors’ views of the continent, which in turn affect their investment decisions (Bhinda et al., 1999). Collier and Pattillo (2000: 3) note that sub-Saharan countries tend to be ‘perceived as being atypically risky’, in a way that is ‘not a reflection of normal investor caution about foreign environments’. Their credit ratings also tend to be lower than is warranted by their macroeconomic fundamentals and by the ‘quality’ of their institutions (e.g. Schorr, 2011; ul Haque et al., 2000). Relatedly, a recent study finds that the borrowing costs of sub-Saharan economies tend to be ‘unjustifiably high’, after controlling for factors such as credit ratings and macroeconomic fundamentals. These countries are therefore forced to pay an unexplained ‘Africa Premium’ for participating in international bond markets, ‘which may only be described as a penalty on African governments’ (Olabisi & Stein, 2015: 88, 99; see also Koelble & LiPuma, 2006: 621).

These analyses highlight that processes such as assessing creditworthiness (by microfinance loan officers and credit rating agencies) or allocating finance (by global investors) can be fraught with racialized (and gendered and class) perceptions. Our critique of these studies, however, is that they tend to theorize race and racism in terms of individualized biases and prejudices. This suggests that the racialized character of investment and lending may be addressed by improving (by means or education or otherwise) how borrowers are perceived by lenders and investors. For instance, Hossein (2016: 156) argues that ‘changing the mindset’ of microfinance staff and managers will require leadership training on personal bias, more diverse boards in microfinance institutions, and the hiring of more loan officers and managers with racial/ethnic origins similar to the people they lend to. While we sympathize with this line of argument, we ultimately find it unsatisfying insofar as it tends to describe finance as a largely benevolent and inclusive force, which simply needs to be ‘fixed’ from the individualized racist behaviors of particular actors.

By contrast, we aim to develop a theoretical understanding of race and money/finance which allows studying the differential treatment of populations, spaces, and sovereign states not as something circumstantial, accidental, or individualized, but as part and parcel of the enduring articulations of race and (financial) capital in the making of the modern world, from slavery to (neo-)colonialism and financial imperialism. More precisely, we aim to ground our understanding of the color of money at the financial frontier in capitalism’s ‘inherently racializing capacities’ (Virdee, 2019: 9), beyond matters of perceptual racial biases and stereotypes. To be clear, we do not discard the significance of the latter. Rather, we propose to conceive of these as ‘personifications’ and institutional embodiments of broader relations and processes though which race and capital jointly operate ‘behind the backs’ of these actors, to use Marx’s illustrious expression.

We draw upon the Black radical tradition, and in particular, theoretical formulations of racial(ized) capitalism which aim at revisiting the critique of political economy through the Black experience (Bhattacharyya, 2018; Narayan, 2017; Shilliam, 2015; Singh, 2016; Virdee, 2019). We start from the basic and fundamental premise at the heart of this tradition: the totalizing and universalizing tendencies built into the form of capital go hand-in-hand with the continuous production of differentiation. As Stuart Hall famously puts it, ‘[c]apitalist modernity has always advanced...
as much by way of the production and negotiation of difference as it has through enforcing sameness, standardization and homogenization’ (2017: 118–119, cited in Virdee, 2019: 9). For scholars in the Black radical tradition, the making of the modern world has involved the ongoing differentiation between free and less-than-free labor (as well as between productive and non-productive labor), a process in which racial ordering and technologies of colonial rule, alongside other forms of social hierarchies such as gender and sexuality, have been central (Bhattacharyya, 2018; Shilliam, 2015: 196; Singh, 2016: 34). As a result, the bourgeois categories at the core of modern capitalist society, such as the abstract figure of the free and equal citizen, private property, and various other political, legal, and juridical forms, have been suffused with racial logics. Colonial modes of land appropriation, chattel slavery, indigenous dispossession and genocide have been instrumental in primitive accumulation and in the political constitution of these modern categories (Bhandar, 2018). Similarly, the global division of labor and the nation-state system have been racialized from the outset, structured by the ‘color line’, enforced by imperialism, and supported by a racist cultural order (Du Bois 1903/2007; Narayan, 2017).

From this perspective, race is fundamentally ‘a mode of classifying, ordering, creating and destroying people, labor power, land, environment and capital’ (Tilley & Shilliam, 2018: 537). It is a violent ‘practice of abstraction’, ‘a death-dealing displacement of difference into hierarchies that organize relations within and between the planet’s sovereign political territories’ (Gilmore, 2002: 16). This violent displacement of difference into hierarchies produces ‘differential ethicopolitical valuations’ (Singh, 2016: 41). It allows rationalizing hierarchical ordering between and within human subjects, populations, territories, and states; subjecting them to differential norms and regimes of capitalist discipline, social control, and exploitation; and unequally exposing them to the violent rhythms of capitalist (de)valuation and concomitant labor degradation, impoverishment, permanent indebtedness, ecological destruction, and crisis (Singh, 2016: 31). This, in turn, has implications for value transfers across the world market, and for the reproduction of racialized power and colonial orders.

Our objective is to explore how the mobilization of race as an abstraction and the associated production of differential ethicopolitical valuations are expressed in and through money specifically. For this, we bring the above insights from the Black radical tradition into dialogue with theorizations of money and finance as developed within the critique of political economy. We draw on approaches which conceive of money not as a neutral, self-evident instrument of economic activity, but as a form of social regulation which embodies and expresses considerable amount of power in modern society, the movement of which powerfully determines the immediate conditions (and mere possibility) of life under capitalism (Neary & Taylor, 1998). The source of this social power lies in money being the most pre-eminent, abstract, and ‘autonomous’ incarnation of wealth and class power in modern society (Clarke, 1988; McNally, 2014). The self-movement of capital in the ‘pure fetish form’ of money that yields more money constitutes ‘the common capital of a class’; it expresses the disciplinary power of ‘capital-in-general’ (Clarke, 1988; Marx 1894/1991). What we refer to, in short, as money-power is the power of capital to appropriate surplus labor-time and extra-human natures such as land, natural resources, and biodiversity, as well as capital’s drive to reduce
human life and lifeworlds to monetary abstractions (such as prices, wages, interest rates, country credit ratings, individual credit scorings, etc.) (Soederberg, 2014).

The framework in which we ground our analysis is rooted in a specific—and very geographical—tension. On the one hand, money (as the most absolute and supreme form of social power in capitalist society) acts as a ‘radical leveler, [which] extinguishes all distinctions’ (Marx 1867/1991: 229). By subjecting each and every individual, population, firm, and state to the impersonal value-disciplines of capital, it contributes to an ‘homogenization’ of spaces and to the tendency of economic practices within and across these spaces to ‘conform more to the abstract conventions and rationalities of the community of money and capital’ (Leyshon, 1996: 64–65). As such, it exhibits a sort of ‘levelling indifference’ to prior conditions of differentiation and unevenness. On the other hand, the very fact of uneven development is both a necessary condition and a consequence of the expression of the money-power of capital: the asymmetric movement of money as capital in perpetual search for higher profit opportunities between uneven spaces is precisely the way through which class power (re)asserts itself, leaving those locations and sectors which do not conform to capitalist value-disciplines and flowing into those with better prospects of labor exploitation and an abundance of extra-human natures, thereby both mobilizing and exacerbating uneven development across places, territories, and scales (Harvey, 2006; Smith, 2008).

Here we encounter again the dialectical movement emphasized by the Black radical tradition, namely, capital’s totalizing and universalizing tendencies and the simultaneous production of unevenness and differentiation, as well as the role of abstraction in this process. Linking together these two theoretical bodies of literature, we can now refine our framework and shift our conceptual gaze to a specific set of research questions: how does the silent compulsion of money mobilize and (re)produce racial ordering and colonial hierarchies? How do the abstractive powers of race and money operate together in capitalism? And more concretely, in the case of our specific empirical object of enquiry, how does this manifest in the operations of money-power at the financial frontier?

**Methodology and study sites**

In exploring these research questions, we follow the highly suggestive proposition of Brenna Bhandar and Alberto Toscano (2015). Drawing upon the pioneering work of Stuart Hall, Bhandar and Toscano submit that understanding concrete racialized capitalist social formations requires thinking in terms of ‘articulations’ between different levels and modalities of abstraction: on the one hand, ‘the high-level logic of abstraction’ (in our case, the relation between race as a mode of ordering humans, and money as a fetishized incarnation of class power), and on the other, ‘the relatively autonomous and deliberate practices and devices of abstraction’ in the domains of science, expertise, law and politics which involve a separation from concreteness and intensely formalized operations (Bhandar & Toscano, 2015: 11). These include, in our case, political risk assessments, credit ratings, benchmark indexes and other heuristics; techniques such as portfolio management and joint-liability micro-lending; formulas and algorithms for risk valuation; norms, standards and codes of ‘good’ financial governance; various tools to monitor solvability and generate financial data; legal frameworks underpinning
investment and lending; devices to maximize repayment rates and debt servicing; institutional mechanisms to secure compliance on the part of debtors, and so on. Our analysis, by illuminating the articulations between these two levels and logics of abstraction, aims to detail the ways in which money-power works through race at the financial frontier.

We focus in particular on what Lisa Tilley calls the ‘production of investibility’ in postcolonial spaces (2021). This refers to the process of transformation of, on the one hand, developing economies and postcolonial sovereign states into asset classes, and on the other, previously ‘unbanked’ populations into governable and investable subjects. Scholars have shown that this process of transformation has involved the construction of geographical imaginaries and discourses of market ‘emergence’ and ‘inclusion’ (such as narratives of ‘Africa rising’, the ‘rise of the BRICS’, and so on) which tend to reproduce colonial imaginaries of conquest, plunder, domination, and exoticism which neatly fit within the frames of existing extractive and racialized structures in the present (Onuoha, 2016; Sidaway and Pryke 2000; Tilley, 2021). We build upon and expand this important literature in two ways. First, as mentioned earlier, our analysis of the abstractive powers of race and money is not limited to discourses and labels, and includes a broader range of practices, mechanisms, and devices of abstraction involved in the everyday operations of frontier finance. Second, while the production of various regimes of investibility in the (post)colony has been explored in historical-colonial perspective, insisting on how such regimes have developed (and been resisted) over time (cf. Bernards, 2021a; Gilbert 2018; Tilley, 2021), in this article we adopt a relational-comparative approach (Hart, 2018), focusing on the role that race plays in contemporary regimes of construction of investibility in two frontiers of global finance: cross-border investment and (digital) financial inclusion in developing countries.

Our choice to explore the operations of race through these two sites of frontier finance draws from the convergence and synthesis of our research work over the last eight years on cross-border finance and (digital) financial inclusion in developing countries, which between the two of us included fieldwork in Brazil, South Africa, Kenya, Senegal and Ghana. Alami conducted semi-structured interviews with state managers in various government ministries and state agencies, financial analysts, academics, and economists at business organizations in São Paulo, Brasília, Johannesburg, Tshwane-Pretoria, and Cape Town between June and December 2016 in the context of a project on the management of cross-border finance in emerging markets, and in Dakar and Nairobi in November and December 2021 as part of a project on the funding of new development plans. Guermond was based in Dakar and Thiès between June 2016 and February 2017 and in Accra and Tamale between September and December 2017. Interviews were conducted with microfinance executives and officers, state officials, representatives of international development institutions, and microfinance institutions’ clients as part of a research project which investigated the incorporation of remittance flows and households into global financial circuits. These interviews, as well as sustained conversations with colleagues across the UK, Canada, Germany, Brazil, Senegal, Mexico, Kenya and elsewhere, constitute an important empirical foundation for the analysis that follows, and are brought into dialogue with relevant literatures.

Crucially, we do not conceive these two forms of frontier finance as discrete parallel cases to be compared, but as differentiated instantiations of the same
integrated process. These two cases are interesting to compare because they represent ‘distinct mutually-conditioning moments of a singular phenomenon posited as a self-forming whole’ (McMichael, 1990: 391). A relational comparison approach offers the ‘opportunity to trace conceptual and material linkages among diffuse instances’ of frontier finance to produce a deeper understanding of seemingly fragmented processes and geographies across different scales and spatial contexts (Rankin, 2013: 549). As such, these two sites constitute two distinct analytical entry points to investigate how the abstractive powers of race and money combine at the financial frontier and are mutually (re)produced at various spatial scales, beyond individualized stereotypes and racist prejudices.

**Race and the construction of ‘investibility’ at the financial frontier**

In this section, we trace the mechanisms and processes through which the operations of money-power both mobilize and contribute to the reproduction of racialized power relations and the colonial order across our two sites of frontier finance. We contend that the mobilization of racialized difference takes place at what we call three moments in the construction of investibility at the financial frontier, namely (1) the (re)making of a development ‘problem’; (2) the construction of racialized ideal-typical subjects of finance; and (3) the production of abstract risk, as shown on Figure 1. Importantly, these moments do not represent consecutive steps or stages but rather are constitutive of each other and operate simultaneously.

**The construction of a development ‘problem’ and a financial opportunity**

This first moment refers to the ways in which the mismanagement and/or lack of finance in developing countries have been framed as both a development ‘problem’
and a financial opportunity. We argue that these framings rely upon the (re)production of processes of racialization targeting individuals and households on the one hand and nation-states on the other.

Both the financial inclusion agenda and the case for enhancing global capital flows to developing countries rely upon the notion that poverty and underdevelopment are the outcome of a lack of access to finance. The reasoning is simple: 1.7 billion poor people in the world live in conditions of ‘financial exclusion’ due to their location outside the formal financial system (Rankin, 2013). This results in their inability to access financial products and services, which is seen as a cause of poverty. Similarly, developing economies are said to suffer from, in the words of IMF researchers, ‘intermittent and very modest access to private external funding sources’ (Araujo et al., 2017: 426). For instance, in 2012 (a year where private capital flows to the global South were historically high) developing countries attracted only 7% of global portfolio investment and 13% of global foreign loans, while they represented 38% of global GDP.

As critical studies of development and financialization have shown, this narrative simultaneously constructs a development ‘problem’ (i.e. lack of access to finance) and provides theoretical and moral justification for a proposed ‘solution’: the expansion and deepening of the circuits of money and financial capital in the developing world (Mawdsley, 2018). We add to these discussions by expounding how race is mobilized in the construction of this development problem/solution.

Consider the reasons commonly put forward to explain the lack of access to finance. At the scale of individuals and households, advocates of the financial inclusion agenda frame this lack as a behavioral problem. Financial exclusion is explained as a result of the ‘anomalous’ behavior of the poor. This must be understood in the broader context of the rise of behavioral economics in development, which constitutes a shift of focus from ‘the market’ to ‘the market subject’ or, put differently, from market regulation to ‘behavioral engineering’ (Berndt, 2015). As the 2015 World Bank report Mind, Society and Behavior argues, poverty is ‘not only a deficit in material resources but also a context in which decisions are made. It can impose a cognitive burden on individuals that makes it especially difficult for them to think deliberatively’ (cited in Gabor & Brooks, 2017: 431). This cognitive burden only allows the poor to make judgments and decisions that are rapid and intuitive rather than rule-based, rational and explicit (Berndt, 2015). This translates into an inability to use formal financial tools and their benefits. The ‘irrational’ poor, then, must be equipped with the right ‘financial capabilities’ and must be ‘nudged’ to make the right choices (Guermond, 2022b). This is to both improve their well-being and render them legible for capital accumulation (Gabor & Brooks, 2017).

The assumptions and arguments conjured up by the World Bank, philanthropists, and other international development finance institutions to justify the need for financial literacy and other nudging technologies find unsettling colonial resonance. For instance, French colonial administrators considered that West African subjects ‘lacked initiative’ and ‘foresight’ and required education in credit and savings (Mann & Guyer, 1999: 125, 137). Bernardes shows that these ‘deficiencies’ were understood in racialized terms in colonial Ghana (2021a) and Senegal (2021b) and seen as posing credit risks. While financial inclusion initiatives are of course not explicitly framed in racialized terms, they nonetheless display a paternalism with
troubling colonial undertones: educating the poor, formalizing their practices, and nudging their behaviors work as mechanisms of ‘rehabilitation’ for those ‘subprime subjects’ who historically remained at the margins of capital accumulation (Kish & Leroy, 2015; Roy, 2010). As the country director of a major fintech providing digital loans in West Africa said to one of us, ‘the bigger part of this conversation is not that we’re just giving them loans, we are educating them about finance, we are letting them get a clear idea about how to live their lives. I mean taking responsibility and all of that (...)’ (Accra, December 2017, emphasis ours). 

Furthermore, much like customary financial practices and forms of land tenure in the colonies were seen as a source of financial instability and as hostile to the establishment of property rights by colonial officers and financiers (Bhambra, 2021; Cowen & Shenton, 1991; Uche 1999), the subtle, generative and sophisticated financial skills and knowledges that poor people demonstrate when calculating, saving, and planning are considered irrational by financial inclusion proponents and an obstacle to formal private property. For instance, so-called ‘informal’ saving mechanisms—sometimes reduced to the false analogy of ‘under the mattress’ savings (IFAD and World Bank, 2015: 12)—are often seen as problematic. Even when the continuing importance of savings and credit associations in many developing countries is acknowledged, it is considered a ‘barrier’ to (digital) financial inclusion and to the rational use of private property (see, e.g. Koblanck et al., 2017: 17). Proponents of financial inclusion are usually at pains to explain why such practices persist despite the availability of formal financial products:

It may be that people simply like to meet together to conduct financial services for social reasons. Or maybe some feel pride in being able to show off their cash to their social networks. (Koblanck et al., 2017: 35, emphasis ours)

At the scale of nation-states in the developing world, intermittent and modest access to external finance is conventionally explained by insufficient financial and trade openness, underdeveloped financial markets (in terms of liquidity, depth, and sophistication), but also high political risk. This latter notion is broad and encompasses many facets, including allegedly inadequate institutions (notably in terms of protection of property rights or the enforcement of the rule of law), insufficiently business-friendly regulatory environments, a history of economic mismanagement on the part of governments, endemic corruption, political instability, and volatile macroeconomic policy frameworks. Political risk may generally be described as ‘the risk that arises from the potential actions of governments and other influential domestic forces, which threaten expected returns on investment’ (Bilson et al., 2002: 2). It is systematically incorporated in processes of risk valuation and international asset allocation decisions, and ‘priced into’ the cost of capital. It therefore affects the quality, cost, and volumes of private capital flowing into developing countries, where it bears more influence than in ‘mature’, developed capitalist economies, due to investors’ concerns that unpredictable ‘government actions and political events [in developing countries] have the potential to substantially alter the value of an investment portfolio’ (ibid.).

As such, political risk assessment is an institutionalized business practice at the core of international investing in developing economies. It is a qualitative and highly plastic notion (although, as we discuss below, it is often turned into a quantitative indicator for the purpose of inclusion in risk rating systems) designed to
capture the ease with which capital can enter, circulate, valorize, and exit at will. Yet it contains a racialized dimension too. Indeed, not only does the notion have historical roots in the concerns of imperial investors and merchant companies such as the East India Company, political risk assessment as a business practice has been developed and operationalized in direct response to decolonization and the end of Empire. From the outset, it has been concerned with ‘how far unruly postcolonial subjects might disrupt the earning potential of overseas assets’ (Gilbert, 2018: nd). Central to political risk is the so-called ‘problem of postcolonial governance’ which refers to anxieties amongst western (neo)liberal capitalist elites that newly independent states and populations were incapable of governing themselves, due to their civilizational, political, or cultural immaturity. Left unsupervised by the former colonizer, they therefore could not be trusted with democratic self-government (Cornelissen, 2020). Political risk assessment developed from a concern that foreign investment in racialized postcolonial sovereign territories was exposed to the threat of confiscation, expropriation, or nationalization (Slobodian, 2021). To this day, it still reflects a sort of ‘imperial nostalgia for the financial ‘stability’ offered by Imperial rule’ (Gilbert, 2018).

Much like the mishandling of consumer finance is attributed to the ‘defective’ behavior of the racialized poor, developing states’ intermittent and modest access to external finance is largely blamed on deficient and immature racialized institutions, unruly populations, corrupt elites, and unpredictable state managers in developing countries, perhaps all the more so in black-majority countries (Alami 2022). Let us illustrate these arguments with a few examples from our fieldwork research.

As a World Bank analyst told one of us, in South Africa, a lot has to do with confidence; investors are extremely fickle. It’s funny how international investors feel about South Africa compared to the BRIC countries. South Africa is considered a wild card, that nobody really knows ... Investors are very nervous ... In Africa investors are very worried about expropriation’ (Tshwane-Pretoria, November 2016). A senior South African Treasury official explicitly linked this to questions of race: ‘we [South African state managers] have to demonstrate to the world... that an African country is capable of running its own macroeconomic policy... It’s all about perception and confidence, which is why race matters’. (Johannesburg, November 2016)

A (black) American investor based in Kenya is also fully aware of this racialized dimension. He explained that African Americans, because of their history of racialized exclusion/marginalization from the American financial system, are uniquely positioned to understand that developing countries suffer from racialized negative risk perceptions (Nairobi, December 2021). Channeling American black-owned savings into investment opportunities in Kenya is in fact his business strategy. A (white) South African analyst we interviewed lamented the remarkable timorousness of international investors in South Africa and other postcolonial African economies, which he attributed to ‘a certain Afro-pessimism, where there’s always been that question mark in investors’ mind around Africa’ (Johannesburg, October 2016). Interestingly, though, he simultaneously displayed signs of imperial pride and nostalgia when he argued that, despite problems of postcolonial governance, ‘we’ve had a history as part of the British empire and we have a very Anglo-Saxon approach to things... very pragmatic, can-do, and questioning... The Dutch and English legacy left us with a legal system and an accounting system which is
rigorous… That shaped the development of the country and the business environment… So doing business in South Africa will be instantly recognizable from anybody from the English-speaking world … the basic philosophy is broadly the same’.

Across these two sites of frontier finance, then, the construction of underdevelopment as lack of finance is steeped in colonial and imperial histories and relies upon a form of essentialization of this development ‘problem’ along racial lines, a problem which, importantly, is often explicitly linked to the lack of protection of property and investment rights. A major implication of these processes of racialization is that the causes of poverty and underdevelopment are depoliticized, and the racialized inequalities that structure the global monetary and financial systems obscured. A narrow focus on the supposed incapacity of racialized consumers and states to manage money and finance overlooks the way colonial and neocolonial financial and monetary mechanisms have long impacted developing countries (Koddenbrock et al., 2020), including via capital flight and the sustained and illicit outflow of resources (Ndikumana et al., 2014), financial and macroeconomic instability of volatile cross-border financial flows (Alami, 2019), or the detrimental effects of microfinance at the community and national levels (Bateman et al., 2019). The very social problems that global finance contributed to create now constitute an opportunity for further accumulation, while the propensities of the financial sector to create structural instability, inequalities, and poverty are obfuscated. In sum, racialized difference plays a vital role in the construction of both forms of frontier finance as vectors of capitalism’s civilizing potential at the financial frontier.

The construction of racialized ideal-typical recipients of finance

The second moment in which racialized difference is mobilized across our two sites of frontier finance is what we call the construction of ideal-typical recipients of finance. On the one hand, there is the ‘entrepreneurial’ poor (if appropriately nudged), capable of tapping into (digital) consumer finance and leveraging a wide range of financial products and services in order to successfully enter the ‘formal’ economy, smooth her consumption patterns, and efficiently manage her savings and investments (e.g. Moore et al., 2019). This financial subject, presented by financial inclusion proponents as an ideal-typical recipient of finance, invests in both her entrepreneurial activities and in her human capital, liberating and lifting herself out of poverty in the process (Mader, 2016b). On the other hand, there is the well-governed developing nation-state. The contours of such state are clearly outlined in recent global development policy documents such as the World Bank’s influential Post-2015 Financing for Development (2015) and Maximizing Finance for Development (2019), which are emblematic of the emergent ‘Wall Street Consensus’ in global development powerfully critiqued by Daniela Gabor (2021). The well-governed developing state deploys the ‘right’ set of institutions and policies, responsibly manages public finances, designs deep and modern financial markets, and creates ‘investable’ opportunities by using scarce public funds to ‘de-risk’ private investment, which allows it to attract abundant global liquidity within its territory, boost economic activity and fund much-needed development and infrastructure projects.
These abstract financial subjects (the appropriately ‘entrepreneurial’ poor and the well-governed state) are celebrated as heroic figures of development, whose potential is to be unleashed neither by social benefits nor by aid but by private finance. Our argument is that both of these abstract financial subjects are racialized constructs. Through the provision of ‘formal’ financial products and financial literacy training, financial inclusion proponents attempt to conjure up the figure of the *homo oeconomicus*, that is the self-managing, rational and entrepreneurial subject (Bee, 2011). Such a figure is ‘ethnoclassed’ as an approximation of the universal white, western, middle-class worker, consumer, and investor (Tilley & Shilliam, 2018: 537–8; Wynter, 2003). Those that do not approximate this figure are located outside ‘the enabling power of the self-managing, entrepreneurial subject’ (Kish & Leroy, 2015: 646). Bhattacharyya underlines that this model of humanness is embedded in racialized understandings of the economy and of what constitute ‘productive’ and ‘non-productive’ activities: modes of social reproduction based on economic activities that do not conform to the formal wage economy and formal entrepreneurship are understood as ‘deficits in the capacities of those pursuing such ways of life’ and are considered ‘non-productive’ (Bhattacharyya, 2018: 52). As such, they are open to interventions (i.e. formalization). One way this racialized construction manifests itself within the financial inclusion agenda is through the numerous efforts to make potential and actual clients engage in ‘productive’ and ‘formal’ activities and to start channeling, using, saving and investing the remittances they receive through formal financial circuits (see for instance Kunz, 2011).

Similarly, the figure of the well-governed, de-risking state in developing countries is modelled on the wealthy capitalist societies of western Europe and white settler colonies (North America, Australia and New Zealand) in at least two major ways. On the one hand, it must feature institutions and models of capitalist governance derived from the models of capitalism which (allegedly) prevails in advanced capitalist economies. Approximation to the latter is measured thanks to technologies such as the World Bank’s ‘good governance’ indicators and Transparency International’s corruption perception index (Andrews, 2008; Baumann, 2020). On the other, this ideal-typical financial subject must feature a modern domestic financial system characterized by deep, open, and liquid capital markets modelled after those of advanced capitalist economies. For instance, the Maximizing Finance for Development agenda portrays the states and domestic financial systems of developing countries as in need of re-engineering and financial modernization (with the technical assistance and policy guidance of the IMF, the World Bank, and other multilaterals), and the capital markets of advanced economies as the apex of modernity (Gabor, 2021).

These constructions of ideal-typical financial subjects (the entrepreneurial poor and the well-governed developing state) rely upon violent processes of epistemological hierarchization that reinforce western prosperous economies as the norm and inferiorize the rest, which is ranked on a scale of (financialized) development (Tilley, 2021). This not only firmly establishes the west/North as, borrowing a term from Achille Mbembe (2001), the ‘universal grammar’ of the political organization of capital accumulation and as the model of developmental and civilizational progress, it also presents the white westerner as the properly ‘rational’ worker, consumer, investor, and reformer. This universalizes the western experience as the standard against which the rest of the world (in this case, racialized poor and
developing states) is seen to deviate, or at best, seen to be incomplete in its development (Sheppard & Leitner, 2010: 219).

We see at least three major implications across our two sites of frontier finance. First, the construction of these abstract ideal-typical financial subjects enables the moral justification of an extremely unequal allocation of finance across populations, states, and territories in the developing world. Much like the racialized notion of the ‘deserving poor’ in advanced capitalist economies (Shilliam, 2018), there are ‘good’ and ‘bad’ financial subjects, ‘deserving’ and ‘undeveloping’ of private finance, and responsible for their own success or failure to attract it as they aggressively compete with each other.

Second, these constructions powerfully call for particular types of capitalist subjectivities and rationalities. Whether she is employed in formal wage labor or in the so-called informal economy, the poor, in order to access and leverage modern financial products and services, must conform to the figure of the highly productive and disciplined ‘entrepreneur of the self’, who fully internalizes the logic of globally competitive capitalism. In order to be amenable and attractive to private capital, the state must not only provide low-risk investable opportunities and handsome rewards to the application of capital in the form of money and finance (including policies of ‘sound’ money such as low inflation, high interest rates, and high primary fiscal surpluses). It must also maintain itself in the position of being disciplined by the money-power of capital if need be (that is, maintaining an open capital account and largely free capital mobility), as well as gear its institutional apparatus towards the extension of credit and monetized debt relations to its population, or what Susanne Soederberg calls ‘debtfarism’ (2014).

Put differently, the racialized construction of abstract financial subjects plays a fundamental role in projects of behavioral engineering (of the poor) and political reordering (of states) in the mold of competitive capitalist social relations. Importantly, since racialized states and poor populations can never fully emulate or reach the norm they are supposed to approximate, these projects are always incomplete. Poster child states may occasionally be rewarded for their reform efforts, for instance by graduating from ‘frontier’ to ‘emerging’ market status, yet no amount of political reform, financial inclusion, and behavioral engineering is ever sufficient. This was powerfully captured by a senior South African Treasury official, who explained that, despite all the reforming efforts since the end of apartheid, ‘[t]o people in London and the US [international investors] … we are still unknown [in the sense that] people don’t know whether South Africa will become like Zimbabwe or the Congo … So there has been a very strong desire to demonstrate that we are credible … and demonstrating competence often means demonstrating some degree of liberalism’ (Johannesburg, November 2016).

To be clear, populations and states in advanced economies are of course also caught in the compulsive logic of accumulation and the constant pressures to adapt to it via disciplinary reform. Our argument is that this process takes a particularly acute form in the global South, where it is morally justified by racialized development hierarchies, and where it must take place following specific racialized norms and standards of behavior which they can never entirely fulfil.

Third, the construction of these two ideal-typical financial subjects has a significant effect in terms of foreclosing alternatives. The indigenous financial practices of the poor are rendered invisible, ignored, or devalued. Financial literacy and
behavioral programs are in part produced by multifaceted forms of illiteracy, including ‘racial illiteracy’ (Haiven, 2017; Lentin, 2020a). These are illiteracies not only towards the structures of class, racism and coloniality but also towards ‘the manifold potentials for alternative forms of social cooperation and relationality’ that development finance reform agendas seek to curtail, harness, or divert into the formal circuits of financial capital (Guermond, 2022a; Haiven, 2017: 353). In sharp contrast to the aforementioned attempts to explain the persistence of ‘informal’ borrowing and saving practices by stressing the desire to show off cash, our research in Senegal and Ghana shows that so-called ‘informal’ circuits of saving and borrowing practices are essential to the production of relational value—that is, the value ‘attached to the creation, reproduction, mobilization and extension of relationships’—as part of processes of social reproduction and future-making (Elyachar, 2005: 143).

Similarly, state policymaking operates under the constraint that policy options may be considered to deviate from ideal-typical norms of capitalist governance and may therefore be severely punished by unfavorable political risk assessments, credit rating downgrades, or capital flight. This disciplinary mechanism profoundly shapes policymaking, whether it is actually enforced to punish a particular policy orientation, or when the threat of punishment is internalized by policymakers and state managers and factored into policy decisions (Alami, 2019). This was a recurring theme in our interviews across our research sites. For instance, one of our informants argued that ‘…Capital is pretty racist in the way it deals with a black government … that relationship is always extremely difficult … hence the cautiousness of the government not to do anything wrong because the reaction to whatever happens in South Africa is always very strong’ (South African Reserve Bank Professor of Monetary Economics Tshwane-Pretoria, October 2016). With a sense of resignation, several state managers in Brazil, South Africa, Senegal and Kenya clearly articulated how global relations of race and histories of (post)colonialism shape how global investors interpret their policy decisions, and the difficulty of building market confidence in that context, even when the most business-friendly policies, institutions, and regulations are set up. This imprints the disciplinary power of capital with a particularly brutal character.

Relatedly, there is a tendency in the international finance community to see policymaking in developing countries through the prism of the constant risk of policy failure, rather than as sites of potential policy innovation. This is illustrated in the statement quoted earlier from one of our key South African informants emphasizing international investors’ perception of South Africa as an immature country that may slide into chaos, just like some of its unfortunate African neighbors did. This essentialized trope of African instability and governmental incompetence is presumed on racialized ontological difference. The historical specificities of South Africa do not seem to matter so much as the generic image to which it is associated, that of a weak (if not failed) black African state in the making.

The third moment in which racialized difference is mobilized is in the process of construction of abstract risk. From the perspective of investors and other financial
actors, investing in states, territories or populations requires assessing the risks that the value of the potential investment will be negatively affected in the future, and that the flow of earnings (incomes, interest payments, dividends, and so on) from this investment will be disrupted. Dealing with this uncertainty is at the core of risk management, which consists in identifying risks and assessing their degree in order to make investment decisions based on different strategies of risk exposure. Risks that income streams may be disrupted can arise from a great diversity of concrete situations and events. They are therefore by nature highly heterogenous, place-specific, and difficult to measure, quantify, and predict. Assessing, comparing and monitoring these risks requires rendering them commensurate with each other and ‘reduc[ing] their heterogeneity to expressions of a single social attribute, abstract risk’ (Sotiropoulos et al., 2013: 3). This process, while pictured by investors and mainstream economists as the rational processing of allegedly objective criteria—such as, in the case of developing nation-states, historical volatility and financial returns, macroeconomic fundamentals, and in the case of poor individuals, credit histories, income levels, and so on—is in fact a complex and highly labor-intensive operation, which involves a range of techniques, discourses, and affective practices.

We argue that the construction of abstract risk at the financial frontier is a process deeply permeated by racialized power relations and colonial hierarchies. This is not simply because some of the key techniques (i.e. political risk assessment) and anthropological assumptions (i.e. the poor as behaviorally defective) employed in the process have colonial antecedents, as argued earlier. Our claim here is that the production of abstract risk at the financial frontier is embedded in a racialized regime of desires and affects, which fundamentally shapes how financial actors evaluate the riskiness and desirability of assets in developing countries, and how a constellation of actors—from institutional investors to loan officers—assess the creditworthiness of the racialized poor.

To illustrate this point, we must take a closer look at the production of knowledge, discourses, and imaginaries of financial frontiers by actors such as financial services firms, the financial press, international financial organizations, and microfinance institutions. Transforming highly diverse territorial objects such as sovereign postcolonial territories into standardized investment categories (‘emerging’ and ‘frontier markets’) and turning poor populations into governable and investable subjects requires the production of financial knowledge and discourses (Bassens, 2012; Tilley, 2021). These are predominantly produced in powerful financial centers disproportionately located in the west/North. Furthermore, they are principally aimed at an audience of (largely white) international investors. Discourses and images about investing in frontier and emerging markets often reproduce fantasies of ‘exploration, exoticism, unpredictability and wildness’ and contain frequent references to ‘exotic-erotic scripts of sex and violence’, which strongly resonate with colonial/imperial imaginations (Sidaway & Pryke, 2000: 190, 195). The racialized representation of emerging and frontier markets as a seductive and wild geographical frontier available for conquest and handsome financial profit opportunities for the courageous ‘investor/explorer/pioneer’ (Sidaway & Pryke, 2000) are of course intimately linked to the imperial-nostalgic portrayal of postcolonial sovereign territories and their populations as immature, unpredictable, and unruly, as discussed earlier. Masculinized and exoticized tropes that investing in
emerging markets is not for the faint-hearted are common in the financial press, and internalized, if reluctantly, by state managers. For example, a senior official at the South African Reserve Bank told us, half-jokingly, that ‘[investing in] Africa is not for sissies’ (Tshwane-Pretoria, October 2016). A senior manager in the Senegalese Ministry of Economy, Finance, and Planning lamented these imaginations, but argued that Senegal had no choice but to deal with them (Dakar, December 2021).

These fictions of embodied otherness are often complemented with narratives (mainly scripted for the western world, too) that investment in developing countries is not only financially rewarding for investors but also ‘morally right’ (e.g. Gottschalk, 2003), and that promoting the financial inclusion of the poor is a ‘moral duty’ (e.g. Stolk, 2019), which evoke the ‘white savior’ hubris of the colonizer. Black (2009) argues that the deployment of sentimental tropes—of the poor black woman in distress, of the mother ready to sacrifice everything for the education and health of her children, of the industrious and virtuous poor—has greatly contributed to the success of Kiva, one of the world’s leading person-to-person microlending websites. Through carefully crafted configurations of images and narratives of borrowers on the Kiva platform, relationships of intimacy and transparency between lenders and borrowers are conjured up, allowing the public located in the global North to feel good and empathetic as it lends to the poorest of the poor (Yartey, 2017). Yet, without addressing the root causes of poverty and pushing against structural power imbalances between lenders and borrowers, the operations of Kiva turn into ‘a veiled form of complacent neoimperial voyeurism’ (Black, 2009: 284). Borrowers are ‘downgraded to the status of fictional characters’, subject to the western gaze but only able to speak back through the heavily mediated and scripted online platform (Black, 2013: 117).

This racialized regime of desires and affects operates in and through the practices, techniques, and technologies used in the construction of abstract risk, such as sovereign credit ratings, political risk assessments, individual credit scoring, benchmark indexes, and so on. Despite their appearance of scienticity and value neutrality, the latter rely upon all sorts of normative assumptions (such as, as discussed earlier, racialized assumptions of what constitutes ‘good’ recipients of development finance as well as defective behaviors), but also leave considerable room for interpretation and qualitative judgement. For example, index providers, such as MSCI and JP Morgan, who hold tremendous power in ‘steering capital’ to developing economies by producing leading market indexes, have significant discretion in both designing methodologies (i.e. defining what constitutes categories such as ‘emerging’ and ‘frontier markets’) and in (re)classifying individual developing countries in either category (Petry et al., 2021). As Tilley notes (2021: 1100), labels such as ‘emerging’ and ‘frontier’ markets act as ‘marker[s] of inclusion within the world of mobile capital, yet at the same time ... function as racialized marker[s] of exclusion from the world of developed markets’.

Similarly, the algorithms increasingly used to assist in micro- and even nanolending decisions in countries of the Global South are far from objective and neutral. Algorithms reflect how society operates, including its gendered and racist biases and exclusions (Lentin, 2020b). The problem is not simply that the algorithms that power fintechs are largely developed with values, norms, and interests of western finance and technology firms, which reinforces epistemic dominance,
colonial hierarchies, and crowds out alternative forms of being, thinking, and sensing. It is also that algorithmic decision-making, by applying the same rules to all across society, tends to perpetuate societal exclusions along class, gendered and racialized lines through profiling, prediction models, and automatization (Birhane, 2020; Ricaurte, 2019).

The racialized construction of abstract risk at the financial frontier results in the tendency to attribute high risk/reward ratios to developing countries assets, and the representation of the racialized poor as highly risky borrowers. This not only allows theoretical and moral justification for the extant configuration of the global financial system, where borrowing is more expensive for the racialized poor and impoverished states than it is for prosperous states and wealthy households. This also allows normalizing policies geared towards socializing the risks and costs of private investment, including by ‘strategically’ using public money as means to ‘de-risk’ private investment. Instruments such as public-private partnerships, ‘blended finance’, and ‘risk sharing vehicles’, which are essentially about guaranteeing the profitability of the private sector, are thus branded as ‘development’ policy (Gabor, 2021).

Moreover, racialized constructions of high risk justify the tight monitoring and oversight of risky borrowers. They also provide legitimacy for a sophisticated global institutional apparatus geared towards the ongoing disciplining of developing states (including IMF ‘country surveillance’ and regular ‘article IV consultation’ reports), their subjection to norms of fiscal and monetary discipline often more stringent than in advanced capitalist states, intrusive conditionalities to resolve crises, and severe punishment under the form of capital flight in case of deviation from expected behavior, as discussed earlier. Many of the state managers we interviewed expressed at least some level of frustration with working under high degrees of scrutiny and monitoring. A Senegalese senior government official noted with bitter irony that securing the confidence of international investors in the Plan Senegal Emergent (the current long-term development strategy of Senegal) required involving an onerous international consultancy firm, which sent three junior analysts freshly out of business school with little experience and basic economic knowledge of the continent.

Similarly, the need to govern the conduct of ‘risky populations’ provides legitimacy for the inclusion of a broad collation of (largely western) private financial institutions as development actors, from microfinance institutions, large banks, philanthropic foundations, fintech companies, credit card firms, to mobile network operators and even social media companies (Bernards, 2019; Guermond, 2022b; Mader, 2016a). This also provides justification for the increasingly sophisticated harvesting of the digital footprint of the poor, including in ways that would pose regulatory issues of data privacy and security in advanced economies (Gabor & Brooks, 2017). As such, racialized constructions of abstract risk function as a basis upon which new technologies and experimentations are called for in pursuit of novel strategies of accumulation at the financial frontier.

**Conclusion**

Our analysis invites three conclusions. First, we showed that the particularly potent and violent combination of the *abstractive powers* of race and money exhibits a
‘complex recursivity between material and epistemic forms of racialized violence’, which is characteristic of racial capitalism (Melamed, 2015: 77). The mobilization of racialized difference and coloniality enhances processes of capitalist discipline and extraction mediated by money, while the totalizing operations of money in turn reproduce racialized power relations and the colonial order. Contemporary development finance agendas have been (rightly) critiqued for entrenching the centrality of market rule in the developing world. Our findings suggest that these critiques must be enriched with studies of how race and empire inhabit the championing of such reform agendas and are centrally implicated in the construction of particular forms of market rule.

Second, and relatedly, our argument has implications for (international) political economy debates concerning subordinate financialisation and international financial subordination (e.g. Alami et al. forthcoming; Bonizzi et al., 2020; Koddenbrock et al., 2020). These discussions have so far emphasized factors such as the structure of the financial system, international currency hierarchies, global relations of production, and contemporary imperialism in order to explain the particular patterns of financialization that tend to unfold in developing countries. Future research may examine the concrete ways in which differential regimes of ethicopolitical valuation enabled by race (but also other forms of oppression not covered in this article, such as gender and heteronormativity) intersect with the above factors.

Third, remedying the color-blindness of studies of the international political economy of development finance is not simply a matter of addressing an empirical ‘blindspot’ (i.e. rectifying an empirical omission), it is also a conceptual one (Best et al., 2021). We need analytical lenses and theoretical perspectives in the study of development finance which allow recognizing the foundational role of race and colonialism (Bhambra, 2021; Tilley & Shilliam, 2018). Our modest contribution in this regard has consisted in developing a critical political economy perspective on money, finance, and development which we combined with key theoretical insights from the Black radical tradition in an effort to bring theorizations of racial capitalism front and center of critical studies of finance and (international) political economy, where it has arguably not received the attention it deserves. Racial capitalism is an analytical category and research program which invites reflections as to the entanglements of capitalism and racial order and is grounded in a normative commitment to eradicating injustices. As such, it may well have a crucial role to play in the project of developing a self-reflexive and open political economy adapted to the challenges of our time (Best et al., 2021).

Notes
2. See for instance the recently created Racial Injustice Investing group: https://www.racialjusticeinvesting.org/our-statement.
5. Here we take inspiration from Mezzadra and Neilson’s Border as Method (2013).
7. As such, the notion of abstract risk includes, but is much broader than, that of political risk discussed earlier.
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