

Dispositive, Discourse and the Economy – Conceptual Reflections with Regard to a Sociology of Competition

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1 Introduction

The current article will be explained *programmatically* insofar as a combination of discourse and dispositive analyses in the field of economics in a wider sense, but especially with regard to a sociology of competition, can be made fruitful. Embedded in this work is not only the economically relevant issue of competition in a social-theoretical framework, which is oriented to a discourse-theoretical analysis of economics. This is at best available in individual studies (Stäheli 2007, 2000). According to Stäheli, a discourse-theoretical perspective could prove fruitful in two respects: (1) A genealogy of the economy and the market could be drawn up. (2) In the context of a sociological view of economics, “discourse-theoretical consideration to produce effects in reality [could be] particularly fruitful” (2000: 71, own translation).

Post-structuralist attempts within economic sociology could show that there is not “an” economy, and moreover, that economies must always be in the plural (de Goede 2006; Ruccio/Amariglio 2003). In analogy to this, it would also be a certain essentialist abbreviation if only a one-dimensional concept of competition would be supposed as an explanation for what happens in competition in the financial markets. Moreover, the practices of competition in its diversity and the metaphor of competition in its discursive applications must be demonstrated. In order not to remain simply on the level of discursive (linguistic) analyses, however, it makes sense to include the starting thought given here with dispositive analyses in the analysis of *discourse formation*. Such dispositive analyses follow a constellational-rational procedure which is characterized by the fact that the phenomena of coming into conflict or the meeting of completely different elements, be these linguistic, material or also intellectual, are connected to one another. Structures arising (such as in trader interaction at the stock

exchange) and their transformation can be analyzed as an imminent result of the interplay and a “power play” of these elements.

Overview: Following the outline of the problem sketched in the introduction about the interplay between dispositives and discourses in the social field of economics (part 1), the next chapter shall deal with the methodical implications. It shall be argued here that a discourse-theoretical analysis of competition in the economy, more accurately as this occurs on the financial markets, is not sufficient. Moreover, the analysis of discourse information and dispositives in a comprehensive sense must be applied – and shall be added to with cultural-interpretive processes, which shall however only be outlined briefly here. Only in this way can the three analysis dimensions on the micro, meso and macro levels be captured and crossed with one another (part 2). This shall be explained with the use of an example of application in the following chapter, which deals with a sociology of competition in relation to financial markets. The competition dispositive prevailing in the financial markets can be described as hyper-agonal, since cutthroat or aggressive elements aiming to eliminate the counter elements exist within it (part 3). A short conclusion summarizes the most important insights before finally three desiderata from the research are outlined (part 4).

2 Reflections on method: discourse formations and dispositives

With regard to method, the procedure proposed here includes contemporary discourse formation developed historically in connection to the works of Michel Foucault (1973) and the sociological discourse analysis (Keller 2004, 2008). This procedure can be more accurately divided into three aspects which also explain the epistemological interests.

First, this assessment pursues a sociologically oriented discourse theory which would like to systematically define the status and the value of discourses of competition in

connection with the social construction of business reality (Landwehr 2008). Again, Foucault states that two different procedures can be identified, which stand in a complementary relationship to one another in later works: *archaeology* and *genealogy*. The discourse – which is bound by rules and is permanent – can be conceived as forms of expression which are subject to power and exclusion effects. Foucault, in his *Archaeology of knowledge* (2002), is interested above all in the materiality of discursive practices. This means practices which were and are – so to speak – deposited in documents, letters, but also in pictures etc. The storage place which Foucault describes as an archive must be found out within such a procedure: “The archive is first the law of what can be said, the system that governs the appearance of statements as unique events. [...] It is *the general system of the formation and transformation of statements.*” (Foucault 2002: 145f) In the course of his works, Foucault, however, gave more weight to – alongside the archaeological methods – the genealogical perspective which above all analyzed practices in their specific historical and social genesis. It is exactly on this interplay of discourses in the sense of systems of expression and practices in the sense of materiality which shall henceforth be discussed in a discourse-analytical perspective à la Foucault (Keller 2008). To summarize, Reiner Keller – with regard to the objectives of a sociological discourse analysis – records that it is to do with the reconstruction of the “[...] processes of social construction, circulation and imparting ways of interpretation and action on the level of institutional fields, organizations, social collectives and actors.” (Keller 2008: 192, own translation) With this, the constitutional processes of phenomena can be analyzed, how they, for example, represent markets and competition.

Second, such a procedure appeals within (1) the discourse history of competition, which crystallizes in the issue of possible sequences (as well as parallels) of cultures of competition. In this regard, an accurate discourse in historical-business change shall be undertaken empirically (Landwehr 2008). This includes the business areas of activity/day-to-day activity and the actor(s). This is less of a primarily direct description of (social) practices and far more to uncover their programmatic structuring, which has been dealt with as little as the procedures of objectifying and standardizing arising from it (Sennelart 2006). In other words: social practices cannot be deduced directly from discourses, but are formed through discourse. Through consulting and analyzing empirical studies, social practices can be prepared in the sense of a secondary analysis.¹

Third, the analysis carried out aims to describe and identify competition dispositives which stand for both the material and the ideal infrastructures of discourses and fields of business action. These dispositives are to some extent historical and help to differentiate the general discussion about competition. Since the concept of the dispositive appears shimmering and in need of clarification, a basic understanding of dispositives shall be explained briefly here. The Italian philosopher Giorgio Agamben – who assumed that we experience a diversity of the dispositive never known and the accompanying subjectivization – characterized a dispositive with Foucault from his book *Dispositive der Macht* (1978) as follows:²

“a. [The apparatus] is a heterogeneous set that includes virtually anything, linguistic and nonlinguistic, under the same heading: discourses, institutions, buildings, laws, police measures, philosophical propositions, and so on. The apparatus itself is the network that is established between these elements. b. The apparatus always has a concrete strategic function and is always located in a power relation. c. As such, it appears at the intersection of power relations and relations of knowledge.” (Agamben 2009: 9)

A dispositive analysis of competition for me poses the comprehensive form of access in terms of method. I do, however, consider a cultural perspective to be sensible for the specific analysis of the business fields (of activity). In doing so, I follow the works of Nullmeier on the topic of *Wettbewerbskulturen* [cultures of competition] (Nullmeier 2002). Alongside the fields of activity, day-to-day routines and, above all, the perspective of the actors, are of central importance. Besides organization of fields of knowledge about discourse and practices, as well as a record of its material and ideal infrastructures, which are explicitly a subject of the dispositive analysis, a cultural perspective with qualitative differences in these particular fields can be employed. Such an analysis practically refers to the entire knowledge of the participating actors relevant to the action and thereby reconstructs the “‘calculation’ of the market actors as a result of the dominance of influence of particular interpretive concepts, scripts or interpretation samples” (Nullmeier 2000: 164f, own translation). The chart by Bührmann and Schneider (2007) can be brought in as an overview of what has just been explained (see figure 1).

See appendix, figure 1: “discursive formations”

3 Practical example: Sociology of competition/field analyses

The analyses described in detail in another context regarding a sociology of competition serve as a practical example for the above-mentioned conceptual and methodical observations (Wetzel 2013). Four different competition dispositives were described in more detail there. One of the fields examined was the economy; the financial markets were researched more meticulously within this field, and indeed from a competitive-sociological perspective. Three dimensions of analysis within the competition dispositive were compiled for the financial markets. In a first step – established on the micro level, so to speak – the subjectivization imperatives were identified, with which the different actors confront one another on the financial markets. After that the parameters of performance, success and recognition on the institutional meso level were questioned in order to finally research in more detail the mechanisms of de-stabilization and re-stabilization on the macro level, as these appear in the financial markets. In a compressed form, the results were as follows:³

3.1 Winners and losers in the logic of the subjectivizations imperative

A sociological critical view of the financial markets identifies these as defined through flexible currency exchange rates, an internationalization of the markets and – since the 1980s – through the employment of new financial products, such as derivatives. The current practice of credit conversion in bonds and their securitization are part of the effected change. By means of a constellational analysis, it can be shown that the new architecture of the finance and capital markets have had an effect on the subjectivization and power imperatives, exposing their actors like investment banks, investment consultants and private investors/persons of independent means. If there is also no automatism connected with this, increasing pressure from competition in the form of psychological power (Stiegler 2009), which affects the (competitive) practices of individuals, can be determined. The change described, which can only be called fundamental, always produces winners and losers in the logic of competitive capitalism – whether wanted or not. As beneficiary or winner in the transfer from an “embedded liberalism” to a system of global financial relations (Beckmann 2007: 31), investment banks could distinguish themselves. But the institutional investors (pension funds), the rating agencies and some of the large banks also profited from the earliest developments (Wetzel

2012b).⁴ For positive balance, one may not forget the investment consultants. They profit – inter alia – from the fact that hidden provisions do not need to be clearly identified in certificates, and in such a way can make use of grey areas in the law. In the range of risk transformers, the consultants take an interesting and lucrative mediation position between the investment banks and the private investors. The form of risk transfer practiced by the investment bankers, institutional investors and investment consultants stand opposite the recipients of the risk.

The losers include the (smaller) commercial banks, but also the investors who as tax payers are double soaked, so to speak.⁵ For one, they pay – according to the collapse in rates in the capital and shares markets – for their risky investment behavior with enormous losses in their portfolios. Investors would have to have extreme foresight and prognosis abilities in order to be able to correctly judge bets on the structured investment products (Anne T. 2009). Furthermore, tax payers were (and are) reminded by politicians of their duties for the “rescue package”. With that I come to another loser who until now believed in the winner-loser logic from outside: it is the state, which through the accumulation of gigantic mountains of debt, shall at best be restricted in its action, and at worst move from insolvency to bankruptcy.⁶ Since it no longer carries weight that, as a result of the concentration process conditional on competition, many of the smaller banks were in retrospect “too small to survive”, contrary to the large banks which were “too big to fail”. Further concentration processes produced through competition and streamlining efforts may no longer stop before the anchored three-pillar structure traditional in Germany, also in the banking sector (Fiorentino/Herrmann 2009).

3.2 Performance, success and recognition (meso level)

The regulated competition demanded and promoted on the institutional side (Münc 2009) alters the interplay between performance, success and recognition. If it is to do with appropriate recognition and reward for services performed, the competition principle seems increasingly to be the most suitable: “Competition is a dynamic process of selecting services, i.e. those among the competitors who achieve their goal deliver the best service from the perspective of those they won over. The competition between rivals who pursue the same goal takes place to induce third parties standing outside to act in a very particular way” (Hedtke 2008: 225, own translation). According to what was set out earlier, with regard to performance an ideal

description – which at the most still maintains, through its confirmation, what investment bankers and consultants want to be measured by – must be: “passion to perform” (Deutsche Bank slogan). But following what was explained, it may be doubted that it actually (only) concerns performance: have empirical studies not shown that the relationship between performance and success has moved in the direction of success? Mooslechner and Schürz are also of this opinion: “If the individualistic performance ideology actually applied, then individual failure could lead to claims being made for social fairness. Payment for bank managers are never based on performance, but on success – and this already beckons to the next bull market, to the next property bubble.” (Mooslechner/Schürz 2010: 87). Analogously to the bonus system, the malus system had to be systematically anchored in companies. Recognition refused for services not performed would be the logical consequence. In agreement with the work of Kornwachs (2009), it was shown that, in the case of credit, a primary problem arose that was surrounded by payment-on-reward systems successively in the finance industry. While bankers used to be paid for their employment, investment bankers and consultants are gauged on the collection of credit and commissions. In this respect, what actually exists is a false incentive culture which does not lead to apologies being made for individual practices, but still explains the overly subjective character of the problematic.

There are confirmed signs for a shift from a positional to a *performative cultures of competition* (Rosa 2009) in the finance industry, also and even with a view on the recognition relationships; indeed it would be beneficial to assume such a substitution. Moreover, the positional anchoring loses power in current (post-)industrial and late modern societies – the rampant credit culture can serve as an example here – but reputation, prestige and social values can be accumulated and be very useful for further recognition (we are far from the Matthews principle here). What changes, however, and wins in dynamic, is the reversibility and temporary nature of different allocations of recognition, whereby there are differences between the investment banker and the bank consultant. The former gets into the whirlpool of performative recognition relationships much faster; he is rewarded for it with high sources of income (credit). In the case of consultants we find a stronger mix of positional and performative recognition. Without such a positional anchoring and the gradual accumulation of prestige and honor, the performative culture of competition, with its allocation of recognition (in principle reversible at any time) becomes empty.

3.3 Between de- and re-stabilization: hyper-agonal (and performative) cultures of competition (macro levels)

All allocations to cultures of competition on the macro level result from many factors and analyses, which add to a complete picture in the sense of a “thick description” (Geertz 1973). Of necessity, such a description and interpretation involves a relatively high level of abstraction. Through the analyses carried out in individual parts, I have tried to sketch out the essential points; this was done using the occupation of the actors, institutions and systemic connections on the financial markets. In this field, which can be identified as *financial market dispositive*, clear movements and changes have taken place since the 1980s, which Beckmann (2007) gathers and sets out in the following way: “All in all, since the 1980s increased competition between different companies under the conditions of liberalization and deregulation and greater pressure from financial asset holders for higher interest rates have led to the increased significance of financial institutions as opposed to savings institutions. At the same time, confirming credits offers the creditors the advantage of minimizing the risk of loss.” (Beckmann 2007: 45, translation by Dietmar Wetzel)

The overall diagnosis of increased competition shall be continuously confirmed by all actors, since competition is now more globalized (Brugger/Rigassi 2005). Following the concept introduced by Nullmeier (2002), it is therefore closer to speak of the courses of a hyper-agonal competition which proceeds in an *aggressive-positional* way and from time to time leads to a “ruinous competition” and to what Hyman Minsky has already analyzed as a systemic-related destabilization. This competition is hyper-agonal precisely insofar as the removal of rivals is taken into consideration just as one’s own. These results demand a further differentiation, however. On the financial markets we meet a (hyper-agonal) culture of competition which must be divided in accordance with the differentiation according to different cultures of competition by management and competition practices in different dimensions. Therefore increased competition arises in at least three regards, following and continuing from Beckmann (2007: 45f): (1) *Increase in competition* between actors: Different finance companies like investment banks, pension and investment funds, insurance companies and also commercial banks compete among each other, ignoring market entrance barriers. Banks often achieve(d) security in competitiveness through neglecting to form equity capital, which proves to

be problematic as soon as competitors equipped with little equity enter the market. On the other hand, however, a high proportion of equity can increase the chances of competition, since security in business practices can be guaranteed and customer trust can be generated. In the past with Basel I and II, and in the future with Basel III, the political side will try to stop institutions from being under-equipped with equity. (2) *Increase in competition through globalization driven by the financial market*: Financial globalization has increasingly established competition going beyond borders (Beckmann 2007). This pressure of competition, which the actors had to pick up on, accelerated mergers and concentration efforts. This deals primarily with a forced competition subject to the market actors (investment bankers and bankers), in which they strive to be the best and most successful on the market as profit maximisers (Stiglitz 2010). (3) *Increase in internal competition and strategic cooperation*: In the current analysis, the large banks and the investment banks above all have been focused on as central actors in the finance market dispositive. Not least the tendency to merge (but also for instance the hostile takeover of Dresdner Bank by Commerzbank) provides evidence of a concentration and hegemonic efforts. Adventurous expectations of returns are expressed (example: Deutsche Bank) and rewarded by the market with an increase in profits. On the other side, the competitor's "true art" often exists in withdrawing the competition in order to be able to act in the least harmful way possible. Through a mixture of competition and cooperation, perhaps the goal set by the BIS (2009: 141) – that is, to guarantee a "system with functioning competition" – could also be achieved, contrary to a hyper-agonal culture of competition.

4 Conclusion and desideratum of the research

As has been shown, dispositive research following a constellational-rational method can be of great use for exploring the economy, more precisely in the present connection for exploring the financial markets and competition. This more accurately puts discourse formations made up of dispositives, discourses and social fields (of action) in relation to one another. The competition culture in the finance markets identified by means of the dispositive analysis could be shown to be hyper-agonal, whereby this diagnosis was further specified in order to be able to give more accurate information about intensifying competition. Three aspects seem to me to be insufficient, however, or to have

found too little access, and give rise to the need for further research.

(1) The dispositive research could be more precise than it is to date connected with culturalistic-qualitative assessments. Only in this way can the interplay of infrastructural and discursive practices set out interpretively from subjects be examined meaningfully, in a field-specific and detailed way.

(2) Competition dispositives cannot only be differentiated between different social fields; moreover, these should be situated more strongly than they have in the past in order to gain depth of field.

(3) Last but not least, (competition) dispositives could be researched in a way comparing cultures in order to be able to bring out national differences and similarities better.

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Endnotes

1Or even directly with procedures of qualitative social research, above all collected by means of ethnographic procedures (Hammersley/Atkinson 2007).

2Cf. the work of Gilles Deleuze, *Qu'est-ce que un dispositive?* (1989).

3The following reports in this part represent a slightly revised version from my postdoctoral thesis relating to qualification as a university lecturer (Wetzel 2013: 133-136).

4In doing so it may not be forgotten, however, that investment banks and institutional investors are also to some extent wasted through the market's financial and economic crisis, or have recorded high losses. At the same time they are currently (early 2010) increasing the signs for successfully maintaining the market and renewed profits.

5In the course of the financial and economic crisis, it came to a clear up of the market which may offer the smaller commercial banks better chances in the market in future.

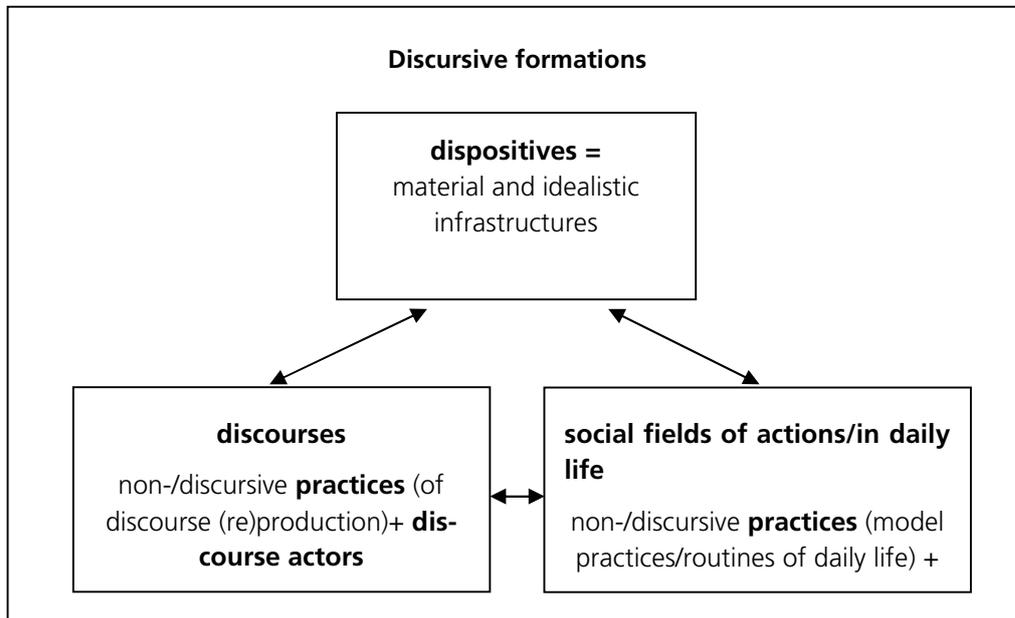
6(Hyper-)Inflation and deflation are the spectres which could strike us in the short or long term.

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Appendix

Figure 1: Discursive formations



Bührmann/Schneider (2007)