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"Multiple logics in investment management: the case of Asset Backed Securities investment management from an anthropological perspective"

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In this paper I would like to adress a conceptual question, which arises when one tries to account for practices that are usually called "economic" from a pragmatist perspective, i.e. from a perspective which considers that the sense of the action lies in the situation in which the action is performed, and cannot be simply exhausted by some prior model[1]. I will adress this approach in two parts. I will first state the conceptual issue, confronting Mark Granovetter's much mobilized concept of "embeddedness"[2], and its Weberian background, to the approach of the practices of money as developed by Vivana Zelizer, and particularly her insistence on the multiplicity of uses of money, each use following a particular set of rules, a particular logic. I will then try to show the interest of this approach by developing it briefly in the description of a fieldwork done in a team of investment management of a big financial corporation. This should lead me in the conclusion to show how it is the interplay of very different logics which can account for the creation of new modes of marginalist utilitarian action, and that the isolation of this latter in an empirical explanation misses crucial factors for its understanding.

The conceptual question: the multiplicity of the logics of action

I do not attempt here to develop an analysis of Granovetter's general work, which I am unable to do. I mobilize his paper on "embeddedness" because it is broadly known and because it develops strongly a Weberian perspective, which I would like to revise. Granovetter's notion of embeddedness is developed to counter two complementary approaches of social action, which separate strongly between an atomized individual and a broad social structure. According to these two approaches, action would be caused either by a solitary calculating mind or by an all-encompassing social totality. In both cases, Granovetter strongly argues, the problem of the concrete regularity of action, of the stability of the norms of action, is evacuated. The approach through the analysis of the situation of action, the author argues, shows that the calculating atomized individual of the standard economic approach deals with several "constraints", which are organized as social "systems". The analysis of professional networks shows that these develop particular normativities within which the actor's calculating endeavor develops in different degrees. These systems are hierarchical, but not necessarily following the explicit structures of companies. They allow for marginalist

[1] From the different sorts of pragmatism, the one I pursue is inspired by William James and the late Wittgenstein. It considers that the regularity of action can be extremely multiple, and does not need to follow the teleological form of a search for the most efficient means according to an explicit aim.
[2] Granovetter, M., "Economic Action and Social Structure : The Problem of Embeddedness", American Journal of Sociology, Volume 91, No. 3, November 1985.

calculation, and are supported not only because of their economic efficacity, but also because the actors derive pleasure from the social milieu that is constituted by the network. The approach through networks, says Granovetter, allows understanding the stability (and limits) of business norms of action, without falling into the two complementary approaches recalled above. Granovetter ends his argument by considering that it follows a Weberian tradition of considering economic action as one between many others.

Granovetter follows Weber in a deep sense. Weber distinguished types of action not in contextual, situational terms, but in abstract, philosophical ones. He distinguished between habit, affective action, and other forms of conscious action. Among the forms of conscious, rational (the terms are equivalent for him) action, he distinguishes between value-rational and purposive-rational. This distinction follows the Kantian one between categorical unconditioned imperatives and technical conditional imperatives[3]. For Kant, the latter were less interesting, since he was concerned with the inner consistency of the categorical imperatives, on which depended his whole philosophical moral project. Weber was interested in the relation between both because the posed a particular problem, according to him, to the Kantian morality which he cherished[4]. According to Weber, while all purposive-rational action was inevitably linked to some value at some point, the process of intellectualization that he claimed he was observing rendered this link increasingly weak[5]. Moreover, purposive-rational action was being developed according to its own value: the *Erfolgswert* (which can be conspicuously translated as the value of success or that of result)[6]. Weber could thus rest content without specifying further types of action, since this classification allowed him to explore his own "interests of knowledge"[7]. The marginalist action on which economists were already concentrating their efforts of study in Weber's time was for him a case of organisational stabilisation of a particular case of purposive-rationality: that in which purposive-rational action was oriented towards the maximisation of a gain that would be only measured in monetary terms. The pure marginalist situation, as well as the pure calculating individual, was thus for him a useful ideal type, which shed an interesting light in several situations (not in all), and particularly in the stock market[8]. Weber opposed those who considered marginalism as a psychological law, and insisted on its historical constitution and its social situatedness. Purposive-rational action could be led according to very different goals, sometimes contradictory ones, by a same person at the same time[9]. This is due fundamentally to the inconsistency of the categorical imperatives on which Weber, against Kant, insisted. Thus, the actor, in any given situation, develops a means-effect calculation according to several normative sets of rules, according to several different and often contradictory values. This multiplicity of values, each with their own set of purposive-rational rules, allows to account for the "constraints" against the development of a social organization which would be based mainly on marginalist calcualtion of monetary gains and based on the respect of private property, i.e. an ideal type of capitalism.

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[3] Kant, I., *The Metaphysics of Morals*, tr. and ed., Gregor, M., Cambridge, Cambridge University Press, 1996 (6 : 221).

[4] This is a fundamental aspect of the whole of Weber's sociological project. It is stated explicitely in Weber, M., "Der Sinn der "Wertfreiheit" der soziologische und ökonomische Wissenschaften", in *Gesammelte Aufsäzte zur Wissenschaftlehre*, J. C. B. Mohr (Paul Siebeck), Tübingen, 1988.

[5] Weber, M., "Wissenschaft als Beruf", in *Gesammelte Aufsäzte zur Wissenschaftlehre*, J. C. B. Mohr (Paul Siebeck), Tübingen, 1988.

[6] Cf, Weber, M., "Der Sinn der "Wertfreiheit"…", *op. cit.*

[7] Cf., Weber, M., "Die "Objektivität" sozialwissentschaftlicher und sozialpolitischer Erkenntnis" in *Gesammelte Aufsäzte zur Wissenschaftlehre*, J. C. B. Mohr (Paul Siebeck), Tübingen, 1988.

[8] Weber, M., "Die Grenznutzlehre und das "psychophysische Grundgeszt"", in *Gesammelte Aufsäzte zur Wissenschaftlehre*, J. C. B. Mohr (Paul Siebeck), Tübingen, 1988.

[9] Cf, Weber, M., "Der Sinn der "Wertfreiheit"…", *op. cit.*

Granovetter's essay on embeddedness follows thus very seriously Weber's approach to marginalist action. He does not distinguish fundamentally between the logic of action tending to maximise a monetary gain and other purposive-rational actions. They are all "rational or instrumental" behavior[10]. By doing this, he does not even separate clearly, between value rational and purposive rational, like Weber did, if only to say that it was an abstract separation[11] (which as we saw suited his moral interests in developing sociology). While this strategy seems good enough to destroy the assumption of many economists that any action that is not marginalist according to monetary gains is utterly incomprehensible, it does leave us with an ocean of social phenomena that seems to fall into one single broad category: that of "instrumental" action. This may well serve Weber's moral interests of knowledge, but poses several problems. The problem that I am interested in here is that it assumes in a way a homogeneity of all logics of action, which are more or less actions of calculation between means for particular ends. When it comes to dealing with the uses of money, these actions are all the more easily regarded in marginalist terms.

It is in relation to this limitation of the concept of embeddedness that Zelizer's approach of the practices of money seems to be extremely rich, in that it allows for much finer specifications of the different regularities of action. Analyzing the different uses of money, Zelizer shows how these uses do not always include a marginalist logic, but can follow affective logics. These sets of rules can indeed be analyzed in terms of purposes and means, but this approach cannot account for several elements of the sets. The distinction of money in relation to its origin (whether a gift, a salary, etc) and thus to how it can be spent can be understood in means-ends, justificatory, even moral terms, but it follows in any case a particular logic, where the calcuation of means and ends plays a very minor role[12]. Zelizer shows how the creation of circuits of money itself is due to several logics, from the emission of money by the state to the constitution of local currencies, and through the multiplication of moneys by the credit industry[13]. She stresses the shortcoming of the separation of spheres, as performed by Weber, when analyzing the uses of money[14]. Such separation has to be earned by empirical research, and this research shows that while in many cases action tends to separate the calculus of marginal utility from the definition of an affective relation, these are usually concepts which are two narrowly defined to account for the complexity of the interactions involving the uses of money.

To the shortcomings of distinguishing *a priori* between logics of action that would conscpicously parallel those of the tradition of some moral philosophy often without acknowledging it, Zelizer insists on the need to see how the logic of the use of money is established in each particular interpersonal situation[15]. We then find that while the simplistic separation of spheres is not a useful tool, the research does not fall into some praise of vagueness or mysticism, but allows for the clarification of the complex issues at stake in the situations that are observed. It becomes therefore possible to think thoroughly about concrete issues such the monetary retribution of domestic work by members of a family, or about the stability of practices of local currencies, beyond the homogeneous justificatory discourse with which they are accompanied.

Zelizer shows how the uses of money can follow particular logics, such as those linked to the definition of what it is to be in a "couple", what it is to be member of a "family",

[10] Granovetter, M. *op. cit.*, p. 506.
[11] Weber, M., *Wirtschaft und Gesellschaft, Grundriss der Verstehende Soziologie*, bsgt. Winckelmann, J., J.C.B. Mohr (Paul Siebeck), Tübingen, 1980.
[12] Zelizer, V., *The Social Meaning of Money*, Princeton University Press, Princeton, 1994.
[13] Zelizer, V., "Circuits within Capitalism", in Nee, V., Swedberg, R. (eds), *The Economic Sociology of Capitalism*, Princeton University Press, Princeton, 2005.
[14] Zelizer, V., *The Purchase of Intimacy*, Princeton University Press, Princeton, 2005
[15] *Ibid.*

of a domestic unit, of a circuit of local currency in a particular situation of place and time. This multiplicity of conscious actions can be homogenized in terms of a calcuation of means and ends only at the expense of crucial issues that constitute these actions. In some actions, such as the place of each partner in a domestic unit, such calculus is secondary in relation to other sets of rules, according to which the practices are stabilized (care, respect, sharing, not for the sake of anything else but by themselves). In some actions, the weberian purposive rationality is almost forbidden. Weber explores this fact in his analysis of the erotic sphere[16]. But, in a manner which is deeply consistent with his own moral project, this multiplicity is subsumed under categories which simplify it to the point of being only the negative, the "constraint" (*Hemmung*) for the development of capitalism[17]. Once we give up the simplification offered by a homogeneous concept of purposive rationality, the "infinite multiplicity"[18] of the neo-kantians opens up again. Its analysis as interpersonal constitution of singular logics by Zelizer allows us thus exploring more in detail the regularity of these social phenomena. I will try to explore this through the presentation of an example.

Multiple logics in asset management: the case of Asset Backed Securities investment management

The case I wish to explore comes from my participant observation in a team of investment management as an assistant in financial analysis and reporting. The team was integrated in one of the big actors in asset management worldwide, which I will call Acme Inc. It was my third and last intership in the worlds of finance. The other two internships, between four and five months each, were done in a brokers company in New York, specialized in European stock, and in a consulting team specialized in hedge funds in Paris. During the years of fieldwork, I did more than 70 recorded interviews.

To describe the practices of the actors I observed in Acme, I will describe several logics, i.e. several regularities. I will choose some, which seemed important to me and to the actors I was observing. I will choose them because of their differences and because their interrelationships seem constitutive of the financial allocation (or rather, redistribution) of ressources, which is what most interests me as theme to develop in the phd dissertation. These logics are the following: marginalist calculation of return of asset management; everyday relations between the employees; personal trajectories of the actors (past, present and future); global markets logics; state logics; industrial and commercial logics of the company. I will describe them shortly separately, and then show how they intermingle and influence each other in a way that makes each constitutive of the others.

Marginalist calculation of return of asset management

The actors I observed used classical models to approach the calculation of return of their investments. They invested the funds that were attributed to them in funds. These funds were organized in what is usually called a "process" sheet, a particular contract of investment which describes a set of rules of investment. The team invested in bonds created by the securitization of assets, mainly private loans in this case. The rules described things such as: percentage of bonds of different ratings (AAA, AA, etc), maximum percentage of investment

[16] Weber, M., "Zwischenbetrachtung: Theorie der Stufen und Richtungen religiöser Weltablehnung", in *Gesammelte Aufsätze zur Religionssoziologie I*, J. C. B. Mohr (Paul Siebeck), Tübingen, 1988.
[17] *Ibid*.
[18] Cf. for instance Weber, M., "Die Wirtschaftsethik der Weltreligionen, Einleitung", in *Gesammelte Aufsätze zur Religionssoziologie I*, J. C. B. Mohr (Paul Siebeck), Tübingen, 1988.

in each bond (not more than 2%), spreads of the bond (the rates were variable), maximum percentage of each class of bond (in terms of the type of asset backing it), maximum percentage of each issuer, etc. These rules were organised so that a certain amount of risk of default or investment loss (due to downgrading of the bonds, mainly) was undertaken, and that a certain return (a spread in relation to three months Libor, the lowest interbank rate in London) was secured. Within these rules, the managers and analysts developed another set of rules to consider whether the risk and return of the investment were met. Thus, for instance for bonds backed by US private mortgage loans, the actors considered each time: the quality of the issuer (technical capacities, historical background, size of their business, etc), the geographic diversification of the loans, the distribution of the FICO scores of the debtors who took the loans, the credit enhancement of the different classes within each loan, and many other elements. These elements were usually provided in the brochure of the loan, and were presented by the sales employees offering it on the market. On top of this data, the team demanded the calculation of the reaction of the bond to particular stress scenarios.

These elements were all intended to stabilize in a procedure the calculation of a return, that would secure the investment targets with the maximum efficiency: minimum risk, highest return, for a limited amount of time and information. The logics of this stabilization are pretty standardized, in terms of asset diversification, for instance. Some are found in manuals which are used by MBA students. Others are produced by the professionals, particularly in a small market such as that of Asset Backed Securities. Finally, the actors adapted these broad rules and developed their own set of rules to comply with the marginalist endeavor of their investment practices.

Everyday relations between the employees

During the time of the observation, the team in which I worked was composed of six and then seven people, including myself. There were distinctions in terms of hierarchy and of tasks. The boss of the team and three other people were fund managers. Each had certain funds under their responsibility, and the boss had less assets under management than the others but oversaw all their major decisions. There were two and then three junior positions. One concentrated on processing and recording the transactions. Another one made short analyses of the issuers of the bonds and wrote the reports stating the analysis of the bond (myself). Finally, a third person came to develop a system of risk monitoring.

The team was included in a broader team of investment management and securitization, called Structured Credit, composed of about 25 people. Some managers invested heavily in CDOs, while a team concentrated in structuring CDOs for clients. The styles of management were different. While the team in which I worked concentrated on buy and hold strategies on Asset Backed Securities, the other investment team concentrated on more aggressive trading strategies on CDOs. This broader team was itself part of a department, called Structured Assets. This department had about 130 employees, which managed hedge funds, built derivatives and concentrated in specific markets which demanded rare expertises. They were allocated a small part of the around nine hundred billion euros which were under Acme's responsibility (of which the team in which I worked invested five billion).

The relations within the small investment team in which I worked were complicate. The boss and the two managers did not get along with the fourth manager. This latter came from the department of fixed income investment. He arrived to the team when the other three had known each other for a few years (inside or outside the team). The boss was a woman in her mid thirties, and got along with the other two managers who were another woman in her mid thirties, and a young man in his late twenties. The two women had known each other informally through professional connections in the milieu of securitization. The young man had first been hired, in his mid twenties, as an intern in financial analysis of ABS by the boss, who had also decided to hire the second woman, but who had had no say in the hiring of the fourth manager. This latter, a man in his late thirties, was imposed by the hierarchy, in a political agreement between the fixed income department and the structured assets department. The agreeement was intended to distribute the fees of the activity within the two departments. The other three, who came from different backgrounds in asset backed securities analysis and securitization, claimed more or less openly that the fourth manager did not have a "credit" background, but more one oriented toward trading according to interest rates. He was more or less considered to be an intruder, and complained privately of not being integrated in the decision making process.

Among the juniors, the person processing the trading data was frustrated of not having been alloted higher responsibilities. At the same time, the managers considered she was not curious and ambitious enough, had not taken any initiative to learn more or take further responsibilities, and contented herself with following orders. These statements were made to me separately, during the interviews and the lunch and coffee breaks. I did not act to confront them with their discrepancies in the accounts of whose fault it was that the junior employee was effectively marginalized. My presence itself, and later on that of the third junior member, who had a higher status because he had already worked as an assistant manager, enhanced the pressure on the third junior, who was a female born in France of immigrant parents, and felt discriminated partly because of her "origins".

The boss of the Structured Credit team, was strongly active in commercial activities, but did not know much about the specific details of Asset Backed Securites. In his early thirties, he spent more than half of the year abroad, seeking new contracts or commercial ideas. He got along particularly well with his boss of the Structured Assets department, who got along with the highest levels of the hierarchy of Acme, against the departments of Fixed Income and Equities investment management.

For the everyday life of the team in which I worked, the relationships between the members of the team mattered of course more than those with the other teams, except with the boss. At stake was of course the distribution of bonuses among the teams, and among each person. But it was also important, according to all the members, that their work be recognized in other manners, by remarks from the hierarchy, by the time the Structured Credit team alloted to the boss of our team, to deal with her incertenties, to give her information on the evolution of the market and of the power struggles in the company. I will not expand on this here, but some people in other teams had for instance access to different sources of information than their hierarchies, for having priorly worked for other departments. All these teams were only a few years old. Their positions within Acme were still being built and the struggle for bonuses, power positions and recognition was sometimes harsh. The personal dimension of these relations were crucial. I cannot expand here on the importance of gender, of having children, of coming from such or such elite public school (French "grandes écoles"), of having worked together before, etc. But in the interviews, the place within the structures, in terms not only of bonuses and salaries, but also and sometimes mainly of recognition and participation in the process of decision making, were crucial for each person. As described briefly above with the two conflicting cases in my team, the initiative of the people concerned was much defined by these tensions.

Personal trajectories

I cannot expand here on the personal trajectories of each of the people I observed. These trajectories were told to me during the interviews or as comments in different moments (lunch breaks, small chats, coffee breaks, etc). I will concentrate on two different cases. The boss of the team, Isabelle, and the younger manager, Bastien. Isabelle comes from a family of middle class public servants. She went to a normal parisian university and entered the banking industry at the beginning of the nineties. She worked in the credit departments several years, concentrating on risk analysis in the loans to corporate companies, which she came to know very intimately. She stayed in the same bank for about nine years, and participated actively, at the end of the nineties, in its activity of securitization of its own debt. She had been an intern in the futures market, during her undergrad years, and claimed to have realized there that she was not market oriented, could not make decisions without attending to the fundamentals, and liked long term analysis and project following. She claimed to be strongly influenced by her parent's ethics of public service, and she only quit her former employer after feeling betrayed by it. They had offered her a job in New York and after six months of not giving any news, while she was planning to move with her husband and children, they acknowledged that they would not offer her any position abroad. The bank was in a difficult situation and her disappointment led her not to trust them any more. She was hired by a head hunter, and only then did she realized that for years she was underpaid for her position. She said it had never occurred to her to ask her colleagues within or outside the company how much money they made, and discovered by chance how much traders were making. She then "realized" there were "two worlds", her own and that of the "markets". She entered Acme four years before I met her, first as an analyst in the fixed income department, concentrating on securitization, and then as a fund manager. Changing employers had been a change of attitude towards work for her. It meant breaking with the way she had lived her experience in her former employer: being loyal to your employer, without much concern for immediate monetary return, but out of an ethics of belonging. She still felt that towards her new boss, but said she admitted more and more that she was in a "market" environment, where she had to "make deals" with everybody all the time, a situation which she did not like, but to which she had to resign herself. When I met her, she had two children between three and ten years old.

Bastien comes from a rich, "aristocratic" family, established in Paris. He went to two "grandes écoles", the Ecole Normale Supérieure and the Ecole Nationale de la Statistique et de l'Administration Economique. He is "agrégé" in social sciences, a certificate, very hard to get, which habilitates him to teach in secondary schools and universities, and which functions as a very strong marker of having been an extremely good student. He married while I was working in the team, at the age of 29, in a very conservative catholic church. He had started to work three years ago as an analyst, and had gone up to become a manager. He considered his work in finance as a moment in life, being more fascinanted with the idea of working as a reasercher in social sciences or, if he found the time, doing a phd in theology. He said that passing through finance was a way to learn many things and make good money for some time. As opposed to Isabelle, he did not feel any attachment to the company who hired him, except that of respecting the contract he had signed. He deeply disliked the idea of aggressive trading (he found it "vulgar"), and was reticent to have much contact with the sales. He concentrated on developing risk monitoring programs and organizing information for the team, while managing smoothly the buy and hold fund for which he was responsible.

Global market logics

The team I observed invested in floating rate bonds, and offered its clients a floating rate return. The reference interest rate was 3 month Libor. In order to offer a return of about 3M Libor + 50 bp, the team invested in bonds of different ratings, some of which, like AAA, offered only 3M Libor + 25 bp and some which offered much more. The different funds were structured between 2001 and 2003. At that time, Libor had been falling steadily. At the same time, the securitization "market", i.e. a network of buyers and sellers in different financial companies, was in its beginnings in the euro zone. As the actors remarked, few people knew what ABS were about, knew how to analyze them and assess their risk. By the year 2004, when I was doing the internship, the situation had changed. It had become clear for many actors, including those of the team I observed, that the best rated classes of bonds, AAA, so far had proven to be absolutely reliable. There had been no downgrades, and the way they were structured made it believable that no downgrades would happen in the future[19]. There was therefore more demand. To this rise in demand was added the flattening of Libor rates and the prospects, obvious to all, that they would start rising again. This created a stress on the spreads of ABS which were structured partly from a mix of floating and fixed rates bonds. The fixed rate component created a stress on the spread, which could not follow completely the Libor rate rise. These two elements had started to create a strain on the spreads of the ABS. The AAA classes were starting to be offered at a spread below 20 bp, which put a stress on the capacity of the managers I observed to fulfill the contract concerning the way their funds were managed.

State logics

I have not realized a systematic analysis of the juridical evolution of the securitization industry (for lack of time, within the phd frame). The importance of state logics appears at two obvious levels. The first is of course that of monetary stabilization. From monetary emission to the fixing of interest rates, the logics of the state, often interconnected with those of the financial industry, but not only, influence the situation of the fund managers. This is obvious in the existence of the euro currency and in the evolution of the interest rates. Closer to the possibility and modality of investing in Asset Backed Securities, is the evolution of a specific juridical corpus concerning these legally complex entities. Asset Backed Securities are a way to erase loans from the balance sheet. The loans are sold to a Special Purpose Entitity, the risk is sold to some external financial operator, which works as an insurance, but which takes the legal form of a swap, which again does not enter the balance sheet. The reasons for the existence of ABS are several. From the point of view of the issuers outside the financial industry, ABS allow to finance projects without passing through the banking credit system or through the corporate debt market. The ABS is backed by the concrete returns of a specific project. On the contrary, corporate debt is backed on the general capacity of a company to pay back its debt out of its total returns. Within the financial industry, ABS allow the credit industry to ease itself of the particular legal constraint of the Cook ratio. This constraint implies that any credit insitution hold 8% of its credit in reserves. The legislation concerning reserves has the explicit aim of limiting systemic risk in the banking industry, by limiting the exposure of banks to a bank run. The legislation, realized according to particular social rules, which were not part of my field work (parliamentary vote, lobbying, etc), poses as its explicit value that of the general interest of the population. While limiting the exposure to an increase in the demands for liquidity of the public, the body of financial laws creates the possibility of limiting the constraint of the reserves. This is the legal constitution of securitization. Erasing credits from the balance sheet allows reducing the reserves rate (and its obvious cost). While the legislators seemed to have favored the emergence of the ABS "market" since it allowed banks to find external carriers of the risk implied in their loans. This externalization of risk would then justify that the loans be not concerned with the reserves ratio. At the same time, a generalization of investment in

[19] A downgrade implies a higher risk of default, which imposes a higher interest rate. That means that the nominal value of the bond must fall for its return to mean a higher return. For the investor, the monetary return is the same (an interests rate calculated on the initial price of the bond), but the market value of the asset is lower. This means a further problem when the fund is so structured that only certain types of bonds and certain types of classes can be held. In case of downgrade the investor may be obliged to sell the downgraded bond, at an obvious loss, to replace it by a more expenseive, better rated bond.

securities by all the banks would one redistribute the risk out of the balance sheet. This could in turn ensue in a new, more restrictive legislation on securitization.

Industrial and commercial strategies of the company

Acme Inc. became in the last few years a major investor in financial products worldwide. After investing heavily in "classical" products, such as bonds and stock, it developed slowly a department of structured assets, where people coming from ingeneering, mathematics, statistics, mainly after having studied in the "grandes écoles", developed derivatives and invested in less known products, which demanded an rarer expertise than that expected of funds manager investing in bonds and stock. The department grew steadily for several reasons. An important reason may be that it was a growing source of profit, in relation to a classical industry of investment management that is slowly reaching a maturity, since it has captured most of the funds it could capture in the particular french context, where pensions are still massively managed by the state in a redistributive manner. There may also be sociological reasons, which I could observe in many interviews but which I could not prove statistically, because I did not have the means to do it[20]. The sociological, i.e. massive phenomenon, is that of the attraction, by the financial industry, of a big proportion of students coming from the most elitist public french graduate schools (the "grandes écoles"), and particularly of those coming from ingeneering and mathematics (usually refered to as "quants"). The head of the structured assets department, as well as the head of the Structured Credit team in which I was working, as well as many of the employees in the floor were former students of the ENSAE. Their counterparts in the French market came from schools similar to theirs. These actors entered finance at a time when derivatives had started to develop, in the early nineties (as I could observe in many interviews), often as traders, and conceived the profession of investment management in terms of buy and hold as boring, uninteresting, and even "silly". The importance given to new financial products had thus internal and external causes withing the whole of the company. As I will try to show, these elements were strongly constitutive of the regularities of the practices that I observed in the everyday life of the team I worked with.

Multiplicity: an interrelation in which logics constitute one another

I have distinguished here logics of action, i.e. regularities of practice, like those of public servants in the definition of state policy, those of the hierarchy of companies in the definition of strategic commercial aims, etc. I would like to argue that these logics are all *acted* by the actors I observed in the team in which I worked. That is, they are all at play in the everyday activities that I observed. That is what I mean by "interrelation": they are all at play together. They can be distinguished intellectually, by the observer and by the actors themselves, and they can sometimes be distinguished practically, for instance in organizing a schedule of activities, etc. But they all compose the everyday life and the possibilities of the practices I observed. To describe this I will take two examples. The first is a static description of the interrelations, the second is a dynamic one.

How can one describe an action consisting of buying, say, ten million euros of a specific ABS. The observer sees a young man saying: "I buy ten million of Ameriquest 2004-R2 at 20 bp". To account for such an action as an anthropologist, one needs to show how it makes sense in that particular situation, for the actor. That implies taking into account how the actor got there, in what interactions he is engaged, which of those interactions are strongly

[20] For a statistical approach of the financial proffessions in France, cf. Godechot, whose findings, prior to my fieldwork, go along the same line than my random observations.

stabilized in institutions, which are more flexible, even uncertain. To describe the action then implies describing what is a fund of investment, which particular rules of investment the actor is applying in that particular transaction, how that transaction is a way to engage in the more or less stable relationships with his co-workers, who are sitting next to him, performing similar actions to his, following information on the screen or reading, talking on the phone, etc. To account for what it means to say "20 bp", one needs to describe how that is an action which is part of what is called a "market", and how that action is at play within that institution, within that set of normed regular practices. Thus, to account for this particular transaction only in terms of a marginalist calculation would be a very particular simplification of the causal chains of which it is composed. This simplification is made by the actors themselves, for instance when they take a particular time only to concentrate on the rules of investment, etc. It is therefore not false, in this case, to say that we are observing an act of marginalist calculation aiming at maximising gain while minimizing certain risks in a context of particular access to information, etc. To say, more broadly, that the situation one is observing is a complex of means-ends calculation in relation to particular concrete aims or values, as a weberian reading would push us to do, would have two risks: one would be that of putting under the same category very different logics of action. While the actors do take into account such calculation in a marginalist calculation and in certain moments of their interactions whith their colleagues, for instance, many regular practices are carried out, consciously, without a constant or prior calculation: friendships, things which are said during the conversations (like commenting on one's children, in the case observed). These practices constitute, nevertheless, an important part of the everyday life, without which marginalist calculations concerning investments, or means-ends machiavelic calculations concerning power struggles could not take place. Of course, the description is always a simplification for the means of transmitting that which was observed. But that simplification can put forward several, distinct, logics of action, which prevents falling into the mystification of words like "rationality".

But a more dynamic example can show how these logics are constitutive of each other. At the end of my internship in Acme Inc., a major upheaval took place. The CIO[21] was replaced by the person who had so far been the head of the Structured Assets department. The head of the Structured Credit team became then head of the Structured Assets department. I had made interviews with all the actors, who did not speak of the possibility of this upheaval, which was kept more or less secret until it happened (I did not know about it, but other people did). The person who was being replaced as a CIO, i.e. at one of the most influential positions in the company, had told me during the interview that he had barely done a BA in economics about thirty forty years ago, and had grown up into finance by doing financial analysis for buy and hold investment techniques, at a time when working in finance meant mainly working in a small milieu who took care of rich people's money. The head of the Structured Assets department, a former student of the ENSAE, an elitist school specialized in statistics with courses on stochastic calculus among other things, considered, during her interview, that the professions of finance had to move on to derivatives and more sophisticated instruments. The change in the head of the allocation of ressources was thus not just a change of names and faces, but one of conceptions of the profession, strategical orientations and social background.

[21] He was directly responsible for the whole allocation of assets within Acme Inc. The allocation of assets is a crucial political decision: telling how much of the funds under management will go to the fixed income department, how much to equities, how much to structured assets, meant not only taking risks for the company but, more crucially for the everyday life of the employees, it meant distributing the fees that go along with the funds that are allocated.

At the level of the team in which I worked, this change was important for several reasons. The head of the team, Isabelle, in a long interview at the end of my internship, told me that she had been working too much to put the team up in the last five years and to take close care of the performance and well being of each of the funds. She said she should evolve to more managerial positions, more commercial ones, which should allow her to "take her head out of the seering wheel" and have a broader perspective. At the same time, this move should allow her to meet more professionals in the investment milieu, have more ideas, and not feel so lonely in the decision making process. The interview happened before the change, and she obviously knew it was coming but could not disclose that information. In her prospects for the future, nevertheless, she talked about enlarging the team, hiring more senior employees who would work at the investment management level, and a few junior employees to take care of some necessary boring everyday work. This possibility to enlarge the team was rendered explicit as a consequence of the change by the other investment manager, second in the hierarchy of the team. She said that the allocation of assets should change. That so far ABS were a three percent of the allocation of assets overall, and that she and her team had done some calculations, in which it came up that this portion should go up to fifteen percent. At the same time, the whole team could be labelled, she said, as a hedge fund, which would allow them to ask for higher fees, and especially, for bonuses which were tied to their performance more clearly.

Isabelle had explained to me that giving the probable rise in interest rates, and the squizing of spreads, their buy and hold strategy was not going to be very profitable, and that it did not make sense to lauch new investment funds based on the same process. She argued longly about the fact that starting again the same process of investment would also be unbearably boring, and that she was not ready to give so much effort for something that would obviously not be interesting at all. She said that although she came from a very conservative investment perspective, she was realizing that aggressive intraday trading strategies produced value (albeit a value that she did not like much), and that now that she knew the market well, she realized that her team could engage in that form of investment, which could be called that of a hedge fund. The other manager, speaking after the change, insisted on the need to launch funds which invested in low rate bonds and did aggressive trading. She also considered that having worked in the market of ABS for ten years, she could develop the skills for more aggressive investment without much danger.

Eventually, after I had left, Isabelle quit her job and went to direct the department of ABS of a major rating company, thereby abandoning any market activity, with which she never felt confortable. The team expanded under the direction of the former second manager, to develop more aggressive strategies (I have not been able to have the details of them so far).

We see thus the intermingling of logics which constitute one another. The politics within the small team in which I worked, and the personal trajectories of the different participants were constitutive of the change of investment strategies. These strategies themselves demanded cognitive skills, that could only be developed by the practice and experienced acquired in the everyday work prior to the changes. At the same time, these changes were not possible without the strategic and commercial logics of the whole of Acme, and the power struggles at higher levels of the hierarchy. They also depended on a favorable juridical context, in which the structures of investment usually called hedge funds have an increasing acceptance. Finally, the evolution of interest rates was also crucial for the development of new investment strategies. Thus, to account for the marginalist calculation that would be integrated in the constitution of an investment process which included aggressive trading of low rated ABS bonds by the team I was observing, one does need to take into account several logics which make that process not only possible, but which orient it in particular ways. A closer study of the relationships between professionals in investment management, and between them and the sales employees with whom they trade, could show, as the managers insisted in the interviews, that even the calculation itself, i.e. the variables that are to be taken into account, are produced through these interactions, in particular institutional sets.

Conclusion

In this paper I have tried to show how, in order to account for the marginalist practices one finds in contemporary investment management, one needs to take into account logics of action which are not marginalist. Moreover, these logics cannot be grasped in all their specificity with the too broad weberian concept of means-ends calculating instrumentar rationality. The subtle distinctions made in her approach to the the different uses of money by Viviana Zelizer points to a different theoretical direction. Instead of simply opposing the rational and the affective, the value rational and the purposive rational, the observation can describe a multiplicity of regularities of action. This approach can therefore show how, by their interrelation in the everyday life, these different logics are constitutive of each other. An approach which would only stress one of these logics, like marginalist calculation, without taking into account the others, would then miss some fundamental factors concerning that which it tries to stabilize as an object. The abstraction of the object through the distinction of multiple interrelated logics allows approaching the object in a manner which is closer to its concrete complexity.