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rhetoric of finance. The rhetoric of finance is the language of the financial market and the language of its academic study.

One should understand 'rhetoric' as speech with a purpose, that is, wordcraft. Dating from fifth-century Greece and still current in literary circles, the definition does not distinguish good purposes from bad. The rhetoric of finance is therefore not confined to misleading language used for bad purposes, as in the newspaper headline, 'Chancellor's Rhetoric on Bank Rate'. The harmless tale of bulls and bears in the bond market is rhetoric, but so too is the forbidding majesty of the capital asset pricing model, because both are speech with a purpose; both are words, including mathematics and statistics, crafted well or poorly to persuade. A commission salesman hawking worthless houselots is using rhetoric, but so is a CEO trying to persuade a banker to make a loan. To identify a piece of speech in finance as rhetoric is not to damn it but to identify it as part of wordcraft.

The jargon of the financial market is of course ripe for rhetorical study. Words weigh. Horace ends his anti-financial poem *Odi profanum vulgus* (*Odes* 3.1) by turning the language of the marketplace against itself: *cur valle permutem Sabina/divitias operosiores?* Why should I trade my Gloucestershire valley for the hardball of the City? Shakespeare imitates the financial jargon of his time in the *The Merchant of Venice*, as when Salarino explains to Antonio why he is sad: 'Your mind is tossing on ocean; / There, where your argosies with portly sail . . . / Do overpeer the petty traffickers', the 'argosies' being merchant-ships of Raguza, bigger than mere local traffickers. To which Antonio replies, over-confidently it soon appears, that he is diversified: 'My ventures are not in one bottom trusted, / Nor to one place; nor is my whole estate / Upon the fortune of this present year; / Therefore my merchandise makes me not sad.' And throughout: 'usance' for usury, 'excess' for interest, 'single bond' for a signature note, and 'let the forfeit be nominated' (for an equal pound / Of your fair flesh).

The simplest literary criticism of financial markets would merely note such jargon, with perhaps a chuckle at its pretence or charm. Michael Johnson's (1990) book is such a compilation, from arbs (arbitrageurs) to white knights (friendly purchasers in the midst of a hostile takeover). Jargon and the use of thrilling metaphors of sport and war are speech with a purpose. The purpose is usually to establish what the Greeks called 'ethos' (i.e. character), an ethos worth listening to. Fluent use of financial jargon establishes its speaker as a member of a community of worthies, or would-be worthies. The subdialect of Latinate or Greekified words (disintermediation, prioritize, paradigm) even has a name in the financial world, 'sonking', that is, 'scientification of knowledge'. To know scientifically has a special worthiness in our culture, and it is no wonder that financial markets capitalize on its worth.

A step beyond chuckling at the claimed ethos is to note the use made of certain metaphors, such as war (raider, dawn raid, frag, take no prisoners, walking wounded, war room) or sport (player, track record, level playing field). The rhetorical tradition distinguishes 'figures of speech' (jargon, repetition, rhyme and the like) from 'tropes' ('turns' in Greek: metaphor, irony, narration and the like). The figures are '*mere* rhetoric', ornaments at the level of sound and fury. The tropes, however, are serious matters, and are sometimes called 'figures of thought' rather than merely of words. One chooses a theory by choosing a metaphor, revealed in one's language.

For example, Lester Thurow, although an economist trained in metaphors of demand curves and balance sheets, makes his argument in *The Zero Sum Solution: Building a World-Class American Economy* (1985) and others of his works through a metaphor of American football. Chapter Six is entitled 'Constructing an efficient team'. Thurow is annoyed that more of his fellow citizens do not see the world his way: 'For a society which loves team sports . . . it is surprising that Americans won't recognize the same reality in the far more important international economic game' (*ibid.*: 107). 'To play a competitive game is not to be a winner – every competitive game has its losers' (*ibid.*: 59), in the style of Vince Lombardi, the great coach, who is reputed to have said, 'Winning isn't the most important thing; it's everything'. The football trope is not innocent. Instead of trade as a sport in which all benefit, like aerobic dancing, Thurow's metaphor invites us to think of it as yardage extracted from one's trading partners. It is not ornament alone but a figure of thought, with consequences. The path is short – a path taken by England and Germany 1890–1914 – from sporting metaphors to warring metaphors to the guns of August.

Stories, like metaphors, are also necessary. If the literary world can teach the business world anything it is this: to realize without shame, as the literary critic Peter Brooks put it, that 'Our lives are ceaselessly intertwined with narrative, with the stories that we tell and hear told, . . . all of which are reworked in that story of our own lives that we narrate to ourselves. . . . We live immersed in narrative' (1985: 3). As the critic Wayne Boothe says, 'We all live a great proportion of our lives in a surrender to stories. . . . Even the statisticians and accountants must *in fact* conduct their daily business largely in stories: the reports they receive from and give to superiors and subordinates; the accounts they deliver to tax lawyers; the anecdotes and parables they hear' (Booth 1988: 14–15, his italics).

It is obvious when expressed this way that participants in financial markets live their lives in metaphors and stories. Behind their funny figures of speech are figures of thought, in metaphor and story. The scientific study of finance, however, claims to reach beyond anecdote and parable to the dignity of science. The rhetoric of science since the seventeenth century has been that science is outside rhetoric.

But the rhetoric is mistaken. Look at the last sentence of the first edition of Eugene Fama and Merton Miller's classic text, *The Theory of Finance*: 'We wish to suggest, however, that there is much evidence in support of the position that perfect markets models, like those developed in this book, have substantial value in describing real-world economic phenomena' (1972: 340). The closing statement in an oration, the 'peroration', is presumably a place to arouse the reader to action. As is common in scientific rhetoric, however, Fama and Miller work against the presumption (as they habitually do in the book) by choosing qualified language: they wish only to 'suggest'; there is 'much evidence', not overwhelming; the assertion is merely a 'position', not God's own plan for the world; models are plural, 'like' others possible, not unique, they admit freely; they have 'developed' the models (the metaphors), not announced them as Truth; the models, though merely models, have 'substantial value', a modest claim; the models have value – merely some it is implied – in 'describing real-world phenomena', but do not necessarily explain its deep meaning; after all, this is the real world, beyond the modestly relevant world of books. To end on such a modest note evinces an ethos worth attending to. With similar effect, the last paragraph of the two-page article in which Watson and Crick announced the structure of DNA was not given over to calls to scientific action but thanks to the funding agencies. By being 'unrhetorical' (an impossibility), Watson and Crick, and Fama and Miller reinforced their reputations for sobriety on which their persuasiveness depends.

It is not controversial that a financial analyst or a financial economist is being literary when telling the story of the Federal Reserve Board last year or positing a 'demand curve' (that startling metaphor) for pounds sterling. Plainly and routinely, 90 percent of what observers of the financial markets do is such story telling and metaphor using.

But one can show in detail that even the academic remainder is affected by figures and tropes (McCloskey 1985, 1990). Stories, for example, end in a new state. In notably economic language the Bulgarian/French literary critic Tzvetan Todorov asserted that 'the minimal complete plot consists of the transition from one equilibrium to another, (quoted in Prince 1973: 31). If an economic story ends prematurely an economist says 'it is not an equilibrium'. 'Not an equilibrium' is the economist's way of saying that he disputes the ending proposed by some untutored person. Many of the disagreements inside economics turn on this sense of an ending. To an eclectic Keynesian, raised on picaresque tales of economic suprise, the story idea 'Oil prices went up, which caused inflation' is full of meaning, having the merits that stories are supposed to have. But to a monetarist, raised on the classical unities of money, it seems incomplete, no story at all, a flop. As the economist A.C. Harberger likes to say, it doesn't make the economics 'sing'. It ends too soon, half-way through the second act: a rise in oil prices without some corresponding fall elsewhere is 'not an equilibrium'.

From the other side, the criticism of monetarism by Keynesians is likewise a criticism of the plot line, complaining of an ill-motivated beginning rather than a premature ending: where on earth does the money you think is so important *come* from, and why? The intellectual jargon is 'exogenous': if you start the story in the middle the money will be treated as though it is unrelated to, exogenous to, the rest of the action, even though it is not.

There is more than prettiness in such matters of plot. There is moral weight. The historian Hayden White writes that 'The demand for closure in the historical story is a demand . . . for moral reasoning' (1981: 20). A monetarist is not morally satisfied until she has pinned the blame on the Federal Reserve or the Bank of England. Stories impart meaning, which is to say worth.

The financial markets and their academic students, then, are immersed in rhetoric (see Klamer 1984). This is no bad thing, merely inevitable, and worth watching. Persuasive speech is 'rhetorical' whether voiced by Pythagoras about right-angled triangles or by Demosthenes about Philip of Macedon. Rhetoric, therefore, may prove to be rather more than an entertaining supplement to the study of financial markets: 'I will buy with you, sell with you, talk with you, walk with you, and so following . . . What news on the Rialto?'

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See also BULL AND BEAR MARKETS IN THE UNITED STATES; CHARTISTS' LANGUAGE; EFFICIENT MARKET HYPOTHESIS; FINANCE; FINANCIAL ZOOS; TAKEOVER LANGUAGE.

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