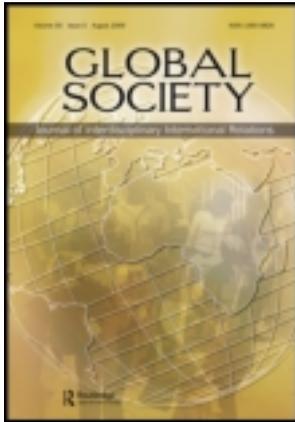


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Crisis is Governance: Sub-prime, the Traumatic Event, and Bare Life

JAMES BRASSETT and NICK VAUGHAN-WILLIAMS

This article provides a critical analysis of how discourses of trauma and the traumatic event constituted the ethico-political possibilities and limits of the sub-prime crisis. Metaphors of a “financial tsunami” and pervasive media focus on emotional “responses” such as fear, anger and blame constituted the sub-prime crisis as a singular, traumatic “event” demanding particular (humanitarian) responses. Drawing upon the work of Giorgio Agamben, we render this constituted logic of event and response in terms of the securing of sovereign power and the concomitant production of bare life; the savers and homeowners who became “helpless victims” in need of rescue. Using Agamben’s recent arguments about “the apparatus” and processes of subjectification and de-subjectification, we illustrate this theoretical approach by addressing the position of the British economy, bankers and homeowners. On this view, it was the movement between subject positions—from safe to vulnerable, from entrepreneurial to greedy, from victim to survivor—that marked out the effective manner of governance during the sub-prime crisis. In the process sovereign categories of financial citizenship, asset-based welfare and securitisation (which many would posit as the very problem) were confirmed as central to our future “survival”. In short, (the way that the) crisis (was constituted) is governance.

“Financial Tsunami: The End Of The World As We Knew It”
(Market Oracle Headline, 30 September 2008)

“The time for half-measures is over. Britain is no longer in the grips of a credit crunch or even a financial crisis; *it is suffering a full-on financial heart attack.*”
(Legrain, 7 October 2008)

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Introduction

Media and policy discussions of the sub-prime crisis were marked by a prevalence of catastrophic and traumatic imagery.¹ References to a financial “tsunami” and “heart attack” brought a sense of urgency to the discussion of sub-prime. But such representations also worked to constitute the sub-prime crisis at a more fundamental level: as an “event” that required a response. Thus, although the “crisis” was months in production, and is arguably still exerting an influence on world affairs some years hence, we have become accustomed to thinking about “it” as a specific and time bound “event”.²

The traumatic qualities and characteristics of this event can be found in media portrayals that represented it in terms of shock, fear, anger and shame. Emotional categories were echoed in policy discourses that sought to address the “financial tsunami” engulfing the world economy; as something we had a duty to respond to, but also to anticipate through the construction of “early warning systems”.³ Furthermore, a sense of “emergency” was palpable in reporting on this issue and, indeed, emergency powers (including anti-terror legislation) were invoked in policy responses, such as the UK government’s move to freeze £4 billion of Icelandic finances and various efforts, sometimes overnight, to bail out the banks.

Interestingly, early work on the sub-prime crisis within academia has done little to question the representation of the crisis as traumatic. With some notable exceptions,⁴ authors within economics and International Political Economy (IPE) have been content to *either* ignore the traumatic imagery, seeing it as the usual puff of infotainment, *or* capitalise upon it in order to underline the gravity of the sub-prime crisis within the history of global finance.⁵ For scholars who employ the tropes of trauma, crisis and catastrophe, the suggestion is clearly, and perhaps quite understandably, that “something must be done” to reign in global finance and subject it to the same disciplines as other sectors of the economy. In this sense, it might be argued, if any “positives” can come from trauma and the traumatic imagery surrounding the sub-prime crisis then it may serve to add weight to reformist objectives. Indeed, media, policy and academic discourses seem to have coalesced around the question of governance as a “response” to this “traumatic

1. James Brassett and Chris Clarke, “Performing the Sub-prime Crisis: Trauma and the Financial Event”, in *International Political Sociology*, forthcoming (2012).

2. As an indication of the kinds of timespans that were involved in the emergence of what was called the sub-prime crisis, see <<http://news.bbc.co.uk/1/hi/business/7096845.stm>> (accessed 25 April 2011).

3. Gordon Brown, “Speech to the Lord Mayor’s Banquet”, 10 November 2008, transcript available: <<http://webarchive.nationalarchives.gov.uk/+number10.gov.uk/news/speechesand-transcripts/2008/11/speech-to-the-lord-mayors-banquet-17419>> (accessed 31 May 2010).

4. Grahame Thompson “What’s in the Frame? How the Financial Crisis is Being Packaged for Consumption”, *Economy and Society*, Vol. 38, No. 3 (2009), pp. 520–524; Matthew Watson, “Headlong into the Polanyian Dilemma: The Impact of Middle-class Moral Panic on the British Government’s Response to the Sub-prime Crisis”, *British Journal of Politics and International Relations*, Vol. 11, No. 3 (2009), pp. 422–437.

5. Peter Preston, “The Other Side of the Coin: Reading the Politics of the 2008 Financial Tsunami”, *British Journal of Politics and International Relations*, Vol. 11, No. 3 (2009), pp. 504–517; Ngaire Woods, “Analysis: Financial Tsunami”, BBC Radio Documentary, 19 March 2009, transcript available: <http://news.bbc.co.uk/nol/shared/spl/hi/programmes/analysis/transcripts/19_03_09.txt> (accessed 31 May 2010).

event". Do we need more or less governance? Do we need more just or democratic forms?

While this discussion of global governance in times of crisis is an understandable and important response, this article takes a different approach. It aims to draw out the constitutive effects of the invocation of trauma within the discourse of the sub-prime crisis. Taking a lead from recent discussions about the politics of exception in the war on terror, it is argued that there are commonalities between the discursive production of the traumatic event of the financial crisis and the terrorist attacks of 9-11. In particular, by drawing on the work of Giorgio Agamben,⁶ we argue that the discourse of trauma provides ready ingredients for the (re)production of sovereign power, liberal financial subjects and the very market practices that were implicated in the crisis. In this sense, we step back from the current round of reformism in global governance scholarship, to reverse the line of enquiry and ask how crisis itself, and more specifically *the traumatic discourse of the sub-prime crisis*, can serve as a form of governance.

According to mainstream psychology, trauma involves the identification of an "extreme" event beyond the range of normal expectations that requires a set of exceptional responses.⁷ In the psychological and humanitarian literature, the traumatised subject is produced in direct relation to this extreme event, and is assumed in certain circumstances to develop pathological reactions which require intervention and therapy. More critical approaches to trauma suggest that these logics are increasingly generalised through techniques of psycho-social intervention and psychological debriefing to form a new regime of "therapeutic governance".⁸ Indeed as Fassin and Rechtman argue, "Trauma is not confined to the psychiatric vocabulary; it is embedded in everyday usage. It has, in fact, created a new language of the event."⁹

In the first section of this article, we suggest that this narrative of trauma was at work within the discourse of the sub-prime crisis. Sub-prime was constituted as an extreme event that required certain responses; concomitantly financial subjects, borrowers and homeowners were portrayed as the helpless, needy victims of a traumatic event. Emotional responses including shock and fear soon gave way to a moral discussion that centred upon a sense of guilt and shame for borrowing so excessively, and anger at "greedy bankers" for lending so wildly.¹⁰ A discourse of deviance quickly emerged with common critiques of "seriously delinquent finance" and "predatory lending". The very notion of the "sub-prime borrower",

6. Giorgio Agamben, *Homo Sacer: Sovereign Power and Bare Life* (Stanford: Stanford University Press, 1998); Giorgio Agamben, *Means Without Ends: Notes on Politics*, trans. V. Binetti and C. Casarino (Minnesota: University of Minneapolis Press, 2000); Giorgio Agamben, *State of Exception* (Chicago and London: University of Chicago Press, 2005).

7. Jon Bisson, "Post-traumatic Stress Disorder", *British Medical Journal*, Vol. 334 (2007), pp. 789–793; Royal College of Psychiatrists, "Health Leaflet: Post-traumatic Stress Disorder", 2010, available: <<http://www.rcpsych.ac.uk/mentalhealthinfo/problems/ptsd/posttraumaticstressdisorder.aspx>> (accessed 7 April 2010).

8. Vanessa Pupavac, "Therapeutic Governance: Psycho-social Intervention and Trauma Risk Management", *Disasters*, Vol. 25, No. 4 (2001), pp. 358–372.

9. Didier Fassin and Richard Rechtman, *The Empire of Trauma: An Inquiry into the Condition of Victimhood* (Princeton, NJ and Oxford: Princeton University Press, 2007), p. 6.

10. Wesley Widmaier, "Emotions before Paradigms: Elite Anxiety and Populist Resentment from the Asian Crisis to the Subprime Crisis", *Millennium*, Vol. 39, No. 1 (2010), pp. 127–144.

a broad category in itself, was filled out with racial and geographical “data”.¹¹ The effect of such “othering” practices was to affirm an apparently “normal” realm of stable finance and honourable financial subjects who must be secured.¹²

Section 2 of this article interrogates the trauma narrative by reflecting on Giorgio Agamben’s arguments about the relationship between what he calls “sovereign power” and the production of certain subjects as “bare life”. Agamben works with Michel Foucault’s paradigmatic notion of biopolitics as a liberal rationality of governance that takes life itself as its object of rule. However, in a modification of the Foucauldian position, Agamben fuses this account with Carl Schmitt’s influential notion of sovereignty as the decision on the exception and Jean-Luc Nancy’s concept of the ban. For Agamben, as is already well rehearsed in the critical international politics literature, bare life is produced as an “exceptional” form of subjectivity via a decision about its unworthiness as a form of life. Such a decision, which may take the form of specific intervention or a more general stance arising from a policy or attitude, bans people, particularly those perceived to be of a particular racial background, who are not deemed to be worthy from “normal” juridical-political—and to this we seek to add socio-economic—structures and the protection they usually afford. Here Nancy’s concept of the “ban” is central because, on Agamben’s account, bare life is not simply excluded from political community, but held in abeyance in relation to it and thus more “amenable to the sway” of sovereign power.¹³ Crucially, bare life is not merely an accidental by-product of liberal biopolitics, but rather a necessary component of the continuation of that rationality of governance in the face of its inherent instabilities and limits. Indeed, according to Agamben, it is precisely through the reproduction of bare life that the “normal” liberal citizen-subject is performed into existence: a performance that is ultimately said to define the inner workings of Western sovereign biopolitics.

Applying Agamben’s core thesis, we argue that the traumatic narrative of the sub-prime crisis served to produce bare life as a mechanism for ensuring the continuation of “normal” sovereign power relations. Against the grain of much IPE and International Relations (IR) scholarship, we do not regard “finance” as somehow removed from, separate to, or working against “sovereign power”. Such a position implies that sovereign power can only be located and understood in the context of the state, which, in turn, is said to be somehow undermined by “global” finance. Rather, we see the ability to define who and/or what can count as “viable” or “non-viable” liberal financial citizen-subjects as an act of sovereign power *per se*: in other words, as a *logic* of governance that is not the sole preserve of the state, but involves other actors such as multinational corporations, regional security communities and diverse institutions whose interests are bound up with ensuring the maximum efficiency of liberal governmental rationality.¹⁴

11. Johnna Montgomerie, “Spectre of the Subprime Borrower: Beyond a Credit Score Perspective”, CRESC Working Paper Series, No. 58 (2008); Len Seabrooke, “What Do I Get? The Everyday Politics of Expectations and the Subprime Crisis”, *New Political Economy*, Vol. 15, No. 1 (2010), pp. 51–70.

12. James Brassett, Lena Rethel and Matthew Watson, “The Political Economy of the Sub-prime Crisis: The Economics, Politics and Ethics of Response”, *New Political Economy*, Vol. 15, No. 1 (2010), pp. 1–8.

13. Michael Dillon, “Virtual Security: A Life Science of (Dis)order”, *Millennium: Journal of International Studies*, Vol. 32 (2003), pp. 531–558.

14. Jenny Edkins, Michael J. Shapiro and Véronique Pin-Fat (eds), *Sovereign Lives: Power in World Politics* (London and New York: Routledge, 2004); Jacqueline Best, “Why the Economy is Often the

In this way, we seek to complement the rich Foucauldian literature on technologies of finance such as credit scoring and the moral personage of everyday financial subjects by drawing on Agamben to further elucidate how such systems are reliant on sovereign logics that decide on the status of different lives.¹⁵ The value added of an Agambenian account is that it leads to a fuller appreciation of the way in which decisions about creditworthiness play an important but otherwise unexamined role in defining the worthiness of the subject more generally. As Jacqueline Best succinctly puts it, “[i]f Foucault’s concept of governmentality provides important insights into the kinds of tactics and rationalities being deployed [...], Agamben’s ideas reveal the violence implicit in these governmental strategies”.¹⁶

Finally, the third section of this article illustrates this primarily theoretical argument through the identification of three examples, which we hope might serve as pointers for the future empirical development of an Agambenian approach to global finance. Firstly, the invocation of emergency powers by the UK government was executed in precisely the terms established through the traumatic discourse; without such actions, the British economy—and accompanying “way of life”—was said to face an existential threat. Secondly, we look at the production of individual bankers as greedy/deviant. For a short period, individual bankers entertained widespread hatred and condemnation, even receiving death threats. The effect of such a construction was to individualise the crisis, focusing attention on the “greedy banker”, for example “Fred the Shred”, and away from the normal finance that needed to be secured. Thirdly, returning to the issue of survival, we look at a range of interventions that sought to re-empower liberal financial subjects and move them from the category of “passive victim” to “survivor”. In particular, the category of survivor was secured through the state protection of only “cautious investors” and at the expense of “foolhardy borrowers”.¹⁷

Once this dividing practice had been initiated, cautious victims were secured and the banks were recapitalised. Attention then turned instead to the issue of welfare reform. The effect of such shifts was to mobilise the bare life of the financial subject to the perpetuation of sovereign power, such that individual financial fears were harnessed to collective responses that render unquestioned the financial category of homeowner/mortgager, while simultaneously removing the social welfare that might secure anyone not able to fulfil the requirements of that category. Thus, securitisation and credit-fuelled property ownership were ultimately ensured through the manner of the movement between victim and survivor, or, put differently, from trauma to “recovery”.¹⁸ In conclusion, we offer a

Exception to Politics as Usual”, 2007, available: <<http://aix1.uottawa.ca/~jbest/Exception-JBest.pdf>> (accessed 10 November 2011).

15. Paul Langley, “Sub-prime Mortgage Lending: A Cultural Economy”, *Economy and Society*, Vol. 37, No. 4 (2008), pp. 469–494.

16. Best, *op. cit.*, p. 21.

17. Montgomerie, *op. cit.*; Watson, *op. cit.*

18. Extending this line of thought, an implication of our argument is that while the moral and critical attraction of debates about global governance is clearly apparent—indeed we have elsewhere contributed to them (see William Smith and James Brassett, “Deliberation and Global Governance: Liberal Cosmopolitan and Critical Perspectives”, *Ethics and International Affairs*, Vol. 22, No. 1 (2008), pp. 69–92)—it is also important to reflect upon how discourses of crisis act as a form of governance themselves, within which resistance can also be effectively thought/practised. By this we mean to suggest that, in line with Foucault, governance/resistance is an enduring dilemma in and across

discussion of potentially new ways of thinking/practising resistance that may emerge from our reconfigured approach to the sub-prime crisis precisely *as* a mode of governance.

1. The Sub-prime Crisis as a Traumatic Event

The subprime crisis that began in the summer of 2007 may rank as one of the most traumatic global developments since World War II. Unlike wars and famine, this crisis and how it was caused seems to have caught the governing elites in rich countries completely unawares.¹⁹

Finance has long been an area of intense metaphorical work.²⁰ While contemporary finance has often relied upon metaphors of size and heroism—"global finance" as a "phoenix risen" and populated by "rocket scientists"—the history of finance demonstrates how metaphorical tropes have worked to produce such "positives" against the negative of finance-gone-wrong. For instance, Marieke De Goede has identified how discourses of fortune have drawn upon ideas relating to the goddess Fortuna and the question of whether or not she can be mastered by rational man.²¹ A stable rising market is associated with cold reason, mastery of "fundamentals" and so forth. A plummeting market is produced as hysterical, mad, or as David Buick told Radio Four²² in the midst of one recent crash, the markets were in need of "a good slap" to bring them to their senses. As De Goede argues:

The argument that situates financial crises in the realm of delusion and madness sustains a discourse of transcendental reality. By locating financial crisis in the aberrant domain of mad behaviour, the normal, regular and sane workings of financial markets are reaffirmed. Irrationality, excess and greed are located externally to the financial system; they may disturb the system from time to time, but have no proper place in it. Thus, the financial system is imagined as a coherent and rational whole.²³

social contexts, as important in the relations of power embodied in popular culture as it is in the relations between institutions and financial markets. Indeed, the two areas readily overlap, as authors such as Rob Aitken (*Performing Capital: Towards a Cultural Economy of Popular and Global Finance* (New York: Palgrave Macmillan, 2007)) and Marieke De Goede ("Mastering Lady Credit", *International Feminist Journal of Politics*, Vol. 2, No. 1 (2000), pp. 58–81) have demonstrated. While some may be tempted to draw a line between such perspectives, seeing them as fundamentally irreconcilable, an "either-or", we are not persuaded by such dichotomies and see them as a barrier to fruitful and productive dialogue and critical engagement, thus more of a "both-and" (for a sustained discussion of this question see James Brassett and Eleni Tsingou, "The Politics of Legitimate Global Governance", *Review of International Political Economy*, Vol. 18, No. 1 (2011), pp. 1–16).

19. Tim Sinclair, "Round up the Usual Suspects: Blame and the Subprime Crisis", *New Political Economy*, Vol. 15, No. 1 (2010), p. 100.

20. Gordon Clark, "Money Flows Like Mercury: The Geography of Global Finance", *Geografiska Annaler*, Vol. 87, No. 2 (2005), pp. 99–112; P. Kelly, "Metaphors of Meltdown: Political Representations of Economic Space in the Asian Financial Crisis", *Environment and Planning D*, Vol. 19, No. 6 (2001), pp. 719–742.

21. De Goede, *op. cit.*

22. "Live cut away", Radio Four, PM, 17 September 2008.

23. De Goede, *op. cit.*, p. 72.

When financial markets go out of control then, there is often a sense that some ungraspable (feminine) power—be it (mad) fortune or nature—is making itself felt. Likewise, in terms of nature, we are also used to thinking about “market turbulence”, where traders are forced to “weather the storm”. Indeed, the Asian financial crisis was commonly referred to as a hurricane in significant policy papers.²⁴

Such metaphors work to construct finance as “natural”, rather than the ongoing product of social interactions within structures of power. The political effects of such images are to render financial arrangements as immutable, something we live with, rather than something we make. Interestingly, the discourse of the sub-prime crisis drew upon and developed such metaphors by focusing most directly on their traumatic qualities. Rather than nature, divorced from context, the most commonly used idea was that the sub-prime crisis and resulting credit crunch was like a “financial tsunami” threatening to engulf the world. As Ngaire Woods argued, “Just when many of the world’s poor countries have fought their way back – and started building democracies that work, businesses that grow, exports that sell – a tsunami is swelling up out of the banks of the rich world”.²⁵

This idea of a financial tsunami was common across a range of media commentators and policy actors, including Gordon Brown, who rendered the metaphor according to discussions about transparency. Brown called for an early warning system akin to the one he endorsed after the 2004 tsunami that hit Thailand, Indonesia, Sri Lanka and India. Indeed, the use of imagery like “tsunami” is interesting because it evokes common understandings of mass death. The implicit suggestion is that the sub-prime crisis was not only an example of the awesome power of natural finance, but also an “event” literally capable of threatening the lives of hundreds of thousands of people. This theme of catastrophe was common across a range of commentators who variously referred to heart attacks and “death spirals”.²⁶ In a more light-hearted tone, Charlie Brooker spoke of a “cash-pocalypse”. In his BBC weblog Paul Mason wrote:

There’s a lot of catastrophic imagery being thrown around about this crisis, but I think I have finally found one that fits: with the 15 September meltdown, the stock market panic and finally the economic chill that is falling on the world and depressing growth. *It’s like the eruption of Krakatoa.*²⁷

The intensity of media interest that surrounded the sub-prime crisis meant that there was a near blanket coverage of finance throughout certain weeks. This is interesting and important for a number of reasons, not least because it suggests

24. See, for example, M. Goldstein, *Safeguarding Prosperity in a Global Financial System: The Future International Financial Architecture* (A Report of an Independent Task Force Sponsored by the Council on Foreign Relations) (Washington, DC: Institute for International Economics, 1999), p. 6.

25. Woods, *op. cit.*

26. Andrew Rawnsley, “The Weekend Gordon Brown Saved the Banks from the Abyss”, *The Observer*, 21 February 2010, available: <<http://www.guardian.co.uk/politics/2010/feb/21/gordon-brown-saved-banks>> (accessed 31 May 2010).

27. Paul Mason, “This is an Economic Krakatoa”, *Idle Scrawl*, 15 October 2008, available: <http://www.bbc.co.uk/blogs/newsnight/paulmason/2008/10/this_is_an_economic_krakatoa.html> (accessed 1 June 2010).

a broader, more everyday interest in the politics of finance than is commonly assumed in much of the literature. Thus, we argue, the role of trauma in the everyday production of knowledge about finance connects abstract financial knowledge with individual financial subjects in interesting and problematic ways.²⁸

In ethico-political terms, one of the most interesting questions in finance is the binaries of inclusion and exclusion that operate. As Lena Rethel (this issue) argues,

... by looking at the shifting boundaries of debt in the wake of crises, we can gain a better understanding of the economic, political and ultimately normative commitments these entail. Each crisis is a unique social experience, operating as a catalyst for rebalancing various aspects of state–market–society relations. As the politics of adjustment generate new dynamics of inclusion and exclusion, a more nuanced, historically sensitive understanding [...] is necessary.²⁹

A key issue we identify is the disjuncture between the way the language of finance is often couched in terms of abstract, arcane and fundamentally elitist mathematical equations and economic readings of reality on the one hand, and ongoing processes of financialisation that have witnessed the widespread “democratisation” of finance such that everyday citizen-subjects are increasingly rendered as “financial subjects”, on the other hand.³⁰ In this sense, a dilemma emerges in terms of how to (effectively) govern financial subjects increasingly aware of the realities and importance of finance without drawing upon (older) forms of financial elitism that seek to exclude.

The Discourse of the Sub-prime Crisis as a “Traumatic Event”

In order to address these issues we focus on the discursive construction of the sub-prime crisis as a “traumatic event”. We adopt a sociologically “thicker” notion of discourse than is commonly portrayed in the literature on constructivism, for instance, one that does not reduce discursive formations to merely “linguistic” phenomena but seeks to recover the political force of materiality.³¹ After all, the sub-prime crisis was not just about the words, sentences and speeches of high-profile politicians or media commentators, or the financial models of number crunchers, for that matter. It was also produced in terms of the everyday experiences of Northern Rock customers who could not access their savings, the frustrations of those trying to sell their houses, the bankers who lost their jobs

28. More broadly, then, we echo Widmaier, *op. cit.*, p. 129 when he argues: “Even as emotional influences have driven market and policy trends, International Relations (IR) and International Political Economy (IPE) frameworks have neglected their import. To the extent that the recent IPE literature has overlooked emotional influences, it has led scholars to underrate the emotional context of agency, the weight of emotional influences on elites and possibilities for a more pragmatic IR theory that ‘speaks the language’ of policy and market agents.”

29. Lena Rethel, “Each Time is Different! The Shifting Boundaries of Emerging Market Debt”, *Global Society*, Vol. 26, No. 1 (2012), p.127.

30. Langley, *op. cit.*; Aitken, *op. cit.*

31. Tom Lundborg and Nick Vaughan-Williams, “Resilience, Critical Infrastructure, and Molecular Security: The Excess of ‘Life’ in Biopolitics”, *International Political Sociology*, Vol. 5, No. 4 (2011), pp. 367–383.

overnight, indeed the widespread demonisation of “greedy bankers”, and the crash of the stock markets. In this sense, “discourse” is much more than a set of words and sentences that can be counted or otherwise recorded, but refers to the complex performance of subjects and objects in contested relations of power. The production and governance of financial subjects is therefore a continuous and everyday practice; as tied to the use of graphs and arrows on our 24-hour TV news and the home-owning ideology of the *Daily Mail* as it is financial models or the dominant discourses of economics and politics.³²

Significantly, the overriding frame in representations of the sub-prime crisis was one that focused on emotional reactions.³³ Savers were depicted in fear for their money, homeowners were quizzed about what they would do if the bank foreclosed or, as became more central, their house prices went down.³⁴ Understandably, when told about the onset of a “financial tsunami”, popular emotions were indeed marked by shock and fear, but interestingly there was also a mobilisation of other traumatic emotions, including shame—both individual and collective—as well as anger towards the alleged perpetrators. The “blame game” that emerged sought to identify numerous candidates and make them feel guilt and shame for their role in the crisis.³⁵ Clearly the excesses of bankers, predatory lending and high remuneration were major issues, but equally, perhaps, there was a more general reflection upon the way that we were *all personally* responsible; we had borrowed too much, got too used to “Lady Credit” and had not learnt from the mistakes of our predecessors in the Great Depression.³⁶

These kinds of emotional responses were not just individual experiences, but were gradually mobilised by the media and interpellated as collective categories for understanding and responding to the crisis. As Matthew Watson argues, the media discourse of the sub-prime crisis, particularly as it was felt within the UK, nurtured and mobilised a sense of “angst” in individual homeowners.³⁷ The active production of a middle-class panic then served to allow the government to justify incredibly large interventions to recapitalise the banks on behalf of such anxious citizens; the trick of course being that it was actually the citizens who were to subsidise the protection of the very banks that created the excessive lending in the first place. As Watson argues, “[t]he continued newsworthiness of the sub-prime crisis was facilitated by the ease with which the focus on house prices was used to turn a public financial event into a personal struggle to survive global economic pressures unscathed”.³⁸

Watson cites the constant repetition of individual stories about mis-sold mortgages and first-person perspectives on the effect of declining house prices as a way of tapping into latent insecurities commensurate with modern news reporting. In such a manner, the traumatic discourse of the sub-prime crisis was able to mediate between the elite-driven conception of finance on the one hand—finance

32. Gordon Clark, Nigel Thrift and Adam Tickell “Performing Finance: The Industry, the Media and its Image”, *Review of International Political Economy*, Vol. 11, No. 2 (2004), pp. 289–310.

33. Watson, *op. cit.*; Widmaier, *op. cit.*

34. BBC News, “Northern Rock Customers Air their Views”, BBC News website, 17 September 2007, available: <<http://news.bbc.co.uk/1/hi/business/6999272.stm>> (accessed 4 June 2010).

35. Sinclair, *op. cit.*

36. Brassett and Clarke, *op. cit.*

37. Watson, *op. cit.*

38. *Ibid.*, p. 427.

as dominated by experts, complex knowledge and powerful players—and the emergence of everyday financial subjects on the other.

Crucially, the traumatic discourse of the sub-prime crisis also served to bind together an otherwise disparate series of happenings, experiences and emotions into a unified whole, an “event”. While it may now seem commonsensical to think of the sub-prime crisis in such terms, it is instructive to recall the way in which “it” did not present “itself” as a singular event. At the time of the Northern Rock collapse, for example, it was far from obvious even to some of the most seasoned financial commentators that the UK and the West more generally was heading for a disaster of “tsunami-like” proportions. Rather, the “eventalisation” of the sub-prime crisis took place through the stringing together of multiple occurrences beginning with the Northern Rock episode through to the collapse of Lehman Brothers, as well as the media theatricalisation of that sequence. Retrospectively, the production of the discourse of the sub-prime crisis as an “event” has packaged these various happenings as a coherent and straightforward entity.

As has been pointed out in critical analyses of the by now similarly naturalised sequence of terrorist attacks characterising the “war on terror”—from “9/11” to “Mumbai” via “11/3” and “7/7”—such a rendering obscures the intricacies of different occurrences at various sites, and competing interpretations of them.³⁹ Furthermore, and importantly for the purposes of our argument here, the framing of the sub-prime crisis specifically as a “traumatic” event also enabled a series of demands to be made in response, which, in turn, conditioned the possibility for certain forms of governance to emerge. In this sense, we seek to draw upon the critical literature of trauma that looks to how psychological knowledge about trauma acts to level down experience, finding commonalities of event and symptoms, which then allow for a more direct and predictable form of response/governance.

On this view, Western conceptions of trauma embodied within mainstream conceptions of psychology and theories of cognitive behavioural therapy (CBT) are generalised as a universal and “normal” response to catastrophe.⁴⁰ While this view is somewhat blind to differences between people and cultures,⁴¹ it carries deeper political implications for how we are able to think about the governance of humanitarian response. Politics is reduced to a narrative of a necessary cause/event, a set of pathological effects and a requirement to “recover”. On an individual level, this is problematic since it can be invasive and deterministic. As Jenny Edkins, among others, has argued, diagnoses of post-traumatic stress disorder (PTSD) can depoliticize trauma in that those diagnosed “are to accept the route to cure suggested by therapy. Political action is ruled out. Any attempt at such action . . . is interpreted as an expression of their disease. It is an ‘acting out’ of their symptoms, nothing more”.⁴² When generalised as an aspect

39. Angharad Closs-Stephens and Nick Vaughan-Williams, “Introduction: London, Terror, Time”, in Angharad Closs Stephens and Nick Vaughan-Williams (eds.), *Terrorism and the Politics of Response* (London and New York: Routledge, 2008), pp. 1–15.

40. Fassin and Rechtman, *op. cit.*; Allan Young, *The Harmony of Illusions: Inventing Post-Traumatic Stress Disorder* (Princeton, NJ: Princeton University Press, 1997).

41. Christina Zarowsky, “Writing Trauma: Emotion, Ethnography, and the Politics of Suffering among Somali Returnees in Ethiopia”, *Culture, Medicine and Society*, Vol. 28, No. 2 (2004), pp. 189–209.

42. Jenny Edkins, *Trauma and the Memory of Politics* (Cambridge: Cambridge University Press, 2003), p. 50; cf. Alison Howell, “Victims or Madmen? The Diagnostic Competition over ‘Terrorist’ Detainees at Guantanamo Bay”, *International Political Sociology*, Vol. 1, No. 1 (2007), pp. 29–47.

of the managerialist logics of global governance, it emplaces an eventalised conception of the political; governance is reduced to response.

It is precisely these “eventalised” forms of governance that we seek to probe in closer detail. To do so we analyse how the discourse of the sub-prime crisis as a traumatic event led to the (re)production of different forms of subjectivity conducive to the shoring-up of the liberal way of life and rule. More specifically, we want to draw attention to and critically examine the manner in which the everyday liberal financial subject was not merely a “passive recipient of” or “bystander to” the discourse of the sub-prime crisis. Rather, we wish to explore how financial subjects were produced in new and problematic ways, which rendered them up as potentially “traumatised financial victim-subjects”, in need of help in ways that contemporary liberal governance could then respond to while reaffirming its own authority.

2. Governance through Traumatic Finance and the Production of Bare Life

The previous section suggested that the discourse of the sub-prime crisis was marked by a prevalence of traumatic imagery and sought to reflect upon the political importance of that fact. On the one hand, it was suggested that the use of such catastrophic imagery connects with broader debates about the role of metaphor in world politics and finance. By rendering financial crisis in terms of natural disaster, finance itself is constructed as natural/feminine—i.e., in need of male mastery/reason—and a sense of widespread fear and vulnerability is nurtured. If the sub-prime crisis were a financial tsunami, we might suggest, the question would be where would it hit land and how many people’s lives would be threatened? On the other hand, we also wish to reflect more critically on the specific role played by trauma and traumatic imagery in the discourse of the sub-prime crisis. What is the constitutive politics of invoking trauma? What possibilities and what limits are produced in respect of governance? Who is included/excluded according to these sovereign logics? In this way, we put forward the idea that knowledge about trauma, as it is received and re-produced in the everyday coverage of the sub-prime “disaster”, plays a constitutive role in the production of financial subjects and the position of responsibility that policy makers concomitantly find themselves in and/or claim.

In this section we draw upon and develop the work of Giorgio Agamben in order to address these questions. Thus, we develop our claim that more is at stake in the use of traumatic imagery than simply the construction of finance as “natural”—important as that may be. Rather, we seek to uncover the manner in which traumatic finance produces an intimate relationship between finance and the subjects of finance. By constructing the sub-prime crisis as a traumatic event to which we should respond as such, a complex moral and economic apparatus of governance is (re)produced. In this sense, the traumatic discourse of the sub-prime crisis is itself a form of governance—or governmentality—that requires scrutiny on its own terms.

Apparatuses and the (Re)production of Subjectivities

In *What Is an Apparatus?* (2009) Agamben introduces the key term of the essay in relation to his reading of the work of Michel Foucault. According to Agamben, the concept of “apparatus” is a translation of Foucault’s use of *dispositif*: a relation

of forces that are supported by certain types of knowledge. On this view, an apparatus encompasses both linguistic and non-linguistic phenomena in a complex field of forces throughout social life: “institutions, buildings, laws, police measures, philosophical propositions, and so on”.⁴³ Each of these elements is not an apparatus in and of itself. Rather, the apparatus refers to the network of relations *between* them. Furthermore, Agamben argues that every apparatus implies the production of different forms of subjectivity (or “personhood”). On his view, the subject is (re)produced as a result of the interaction between living beings on the one hand, and apparatuses that attempt to capture and govern life on the other hand. In this way, his usage of the term “apparatus” refers to “literally anything that has in some way the capacity to capture, orient, determine, intercept, model, control, or secure the gestures, behaviours, opinions, or discourses of living beings”.⁴⁴

Agamben’s hypothesis is that contemporary political life, which he associates with the most “extreme phase of capitalist development”, is characterised by an “extreme proliferation in processes of subjectification”: “today there is not even a single instant in which the life of individuals is not modelled, contaminated, or controlled by some apparatus”.⁴⁵ For this reason, it is impossible to think of a stable identity of any given subject since s/he is always already the product of multiple overlapping and often competing apparatuses. Moreover, while there have always been apparatuses of some kind or another, Agamben claims that what is distinctive about the current stage in the development of capitalism is that the nature of subjectivities they produce has changed. Indeed, ironically, the nature of contemporary apparatuses is that they do not produce subjects straightforwardly, but precisely work via the activity of what Agamben calls “de-subjectification”. In other words, it is precisely through the performative act of denying or negating subjects’ subjectivity that their subject-hood is constituted: “he who lets himself be captured by the ‘cellular telephone’ cannot acquire a new subjectivity, but only a number through which he can, eventually, be controlled”.⁴⁶

Agamben points to the figure of the Catholic who confesses their sins in order that their subject position of “good believer” is constituted directly in terms of their de-subjectification. It is the “movement” between subject positions that becomes understood as the true manner of governance, rather than the straight affirmation of deviance. Indeed, it is the very ability to construct subjects as “salvageable through movement”, through a de-subjectification, which renders them docile. We believe this short but pointed intervention on the idea of the apparatus brings an important—but otherwise glossed over—dimension to the sovereign production of bare life with which Agamben is more widely associated and to which we will now turn in greater detail.

Sovereign Power and Bare Life

Much of Agamben’s more widely read work centres around one particular apparatus and the form of subjectivity it seeks to produce in order to ensure its own

43. Giorgio Agamben, *What Is an Apparatus? And Other Essays*, trans. D. Kishik and S. Pedatella (Stanford: Stanford University Press, 2009), p. 3.

44. *Ibid.*, p. 14.

45. *Ibid.*, p. 15.

46. *Ibid.*

survival: sovereign power and what he calls “bare life”—a form of life without any political voice.⁴⁷ Seeking to diagnose the biopolitical conditions under which certain subjects are cultivated as “bare” via their de-subjectification, Agamben again turns to the paradigmatic work of Foucault. As is well known, “biopolitics” is the term Foucault used to refer to the process during the latter half of the eighteenth century by which biological life (*zoē*) became included within the modalities of state power (*bios*). For Foucault, the entry of *zoē* into *bios* constituted a fundamental shift in the relation between politics and life, whereby the simple fact of life was no longer excluded from political calculations and mechanisms, but came to reside at the heart of modern politics. For Foucault then, life itself became an object of governance. However, whereas Foucault reads the movement from politics to biopolitics as a historical transformation, for Agamben the political realm is *originally* biopolitical. On Agamben’s view, the West’s conception of politics has always been biopolitical, but the nature of the relation between politics and life has become even more visible in the context of the modern state and its sovereign practices.⁴⁸ Also, for Agamben, and *contra* Foucault, the activity of the biopolitical machine is inherently linked with Western sovereign politics, rather than a particular phase of liberal governmentality emerging from the latter half of the eighteenth century.

Agamben’s approach to sovereignty is influenced by German legal and political theorist Carl Schmitt who defined the sovereign as “he who decides on the exception”.⁴⁹ According to Schmitt, such a decision declares that a state of emergency exists and suspends the rule of law to allow for whatever measures are deemed to be necessary. However, moving beyond the somewhat elitist potentialities of Schmitt’s analysis, Agamben also invokes Walter Benjamin’s critique of Schmitt’s theory of sovereignty: “the tradition of the oppressed teaches us that the ‘state of exception’ in which we live is the rule”.⁵⁰ Agamben draws on Benjamin’s insight, written during a period when emergency powers were repeatedly invoked during the Weimar Republic era in Germany, in an attempt to move the notion of the exception away from the issue of emergency provisions towards a more relational and original function within the Western political paradigm.⁵¹ That is to say, the politics of exception may be regarded as very much the norm for much of Western society.

Drawing these different strands together then, for Agamben sovereign power is the central apparatus in Western biopolitical structures, one that relies upon the ability to make a decision about whether certain forms of life are worthy of living. Echoing the discussion in the previous section, such a decision produces a form of subject that is characterised by its very de-subjectification. Agamben calls this subjectivity a bare form of life because it is stripped of the “normal” legal and political rights associated with the modern liberal subject (i.e., “de-subjectified”). Rather, it

47. Agamben, *Homo Sacer*, *op. cit.*; Agamben, *Means Without Ends*, *op. cit.*; Agamben, *State of Exception*, *op. cit.*

48. Agamben, *Homo Sacer*, *op. cit.*, p. 6.

49. Carl Schmitt, *Political Theology: Four Chapters on the Concept of Sovereignty*, trans. George Schwab, 3rd ed. (Chicago and London: University of Chicago Press, 2005).

50. Walter Benjamin, “On the Concept of History”, in H. Eiland and M. Jennings (eds.), *Walter Benjamin: Selected Writings, Volume 4, 1938–1940* (Cambridge, MA and London: The Bellknapp Press of Harvard University Press, 2003), p. 392.

51. Agamben, *State of Exception*, *op. cit.*

appears only as a form of life that can be saved, but which has no political voice. Bare life is thus neither what the Greeks referred to as *zōē* or *bios*. Rather, it is a form of life caught in a permanent state of exception between the two.

According to Agamben, the camp is the most obvious manifestation of a space in which the state of exception has become the rule and bare life is produced. As is by now well documented and illustrated, Agamben says that the most obvious illustration of the contemporary production of bare life is the detention camp at the US naval base in Guantánamo Bay.⁵² Other current examples to which we might point include Kandahar and Bagram airbases, detention centres in southern Europe, and Gaza. On the other hand, Agamben refers to “the camp” as something more than these specific sites; it is symptomatic of the deeper workings of the apparatus of sovereign biopolitics. Thus, it is possible to identify logics of exceptionalism and the production of bare life in contexts beyond camps in the conventional sense. In this context, for instance, Agamben has argued that liberal humanitarianism shares a secret alliance with sovereign power in that both can only grasp a form of life reduced to victimhood. Indeed, it is through the designation of a “humanitarian emergency” that global liberal governance attempts to control victims’ lives while strengthening its own position. Victims, such as those people caught up in the recent devastating floods in Pakistan and the tsunami in Japan, are produced as passive recipients of aid. By producing such lives as bare, sovereign power in turn shores up its own position as the apparatuses *needed* by the victims it has produced.

This argument holds important implications for understanding the governance of events cast as “traumatic” in general and the sub-prime crisis in particular. In general terms, discourses of and knowledge about trauma can be understood as part of a more general apparatus that renders subjects as bare life. Practices of humanitarian psychology produce “victims of trauma” who require “psychological intervention” in order to become “survivors”. Such movements of de-subjectification are intended to avert the so-called pathological effects that can ensue from disaster encapsulated in the diagnosis of PTSD. Indeed, Pupavac sees such practices as a form of “therapeutic governance” that renders subjects as mere recipients of psychological intervention:

Trauma is displacing hunger in the West’s conceptualisation of the impact of wars and disasters in the South. Our attention is drawn to the psychological suffering of victims, their emotional scars, their sense of despair and helplessness. Viewing experiences through a therapeutic lens, trauma counselling, or what is known as psycho-social intervention, has become an integral part of the humanitarian response in wars. Invariably reports flag up the need for counsellors to be brought in to help the community ‘come to terms’ with its suffering.⁵³

This account is particularly reflective of our conception of trauma as an apparatus for the production of bare life, since it points to the way that politics itself is

52. Giorgio Agamben, “Interview with Giorgio Agamben—A Life, a Work of Art without an Author: The State of Exception, the Administration of Disorder and Private Life”, *German Law Review*, Vol. 5, No. 5 (2004), p. 612.

53. Pupavac, *op. cit.*, p. 358.

subsumed within a medicalised account of the relations between subjects and governance. Pupavac continues:

Politics becomes both about appealing to and regulating the vulnerable id. Under therapeutic governance, rights are being reconceptualised in terms of psychological recognition and custodianship rather than freedoms, that is, as protection by official bodies, rather than protection from official bodies.⁵⁴

In short, the victims of traumatic events are produced and understood as bare life. Their very subjectivity is understood in relation to the extreme event that has befallen them and their political meaning is simply understood in terms of survival, the movement from “damaged”/“pathological” “individual”/“victim”, through therapeutic intervention, to “positive” and “balanced” “survivor”.

Traumatic Finance, Economic Security

Collecting these ideas together, we therefore postulate a far more intimate relationship between the traumatic narrative of the sub-prime crisis and the practices of governance that ensued. As Jenny Edkins has argued, “sovereign power produces and is itself produced by trauma: it provokes wars, genocides, and famines”.⁵⁵ Moreover, in claiming to be the provider of security, sovereign power repeatedly conceals its involvement in the production of the trauma it merely purports to respond to. In this way, we are compelled to reflect upon the violence that produces and is produced by the sovereign power of finance.

It is instructive to note that the discourse of the sub-prime crisis as a “traumatic” event followed a similar logic to that of humanitarianism. Through the invocation of the trauma narrative, a permanent state of emergency in the financial markets—and Western society more generally—was thereby declared and sustained. “Exceptional times call for exceptional measures” was the mantra, which came to legitimise measures beyond the “normal” remit of financial governance. Such a logic of exceptionalism permitted the production of one-time “good” liberal financial subjects as deviant sub-prime borrowers. Like the victims of a humanitarian disaster, these subjects were rendered “needy”: not as people who had lost their jobs, homes and livelihoods, and with political views about the socio-economic organisation of society, but mute and undifferentiated financial pariahs who could not do anything about the “crisis” they faced, other than place their faith in the very technologies of liberal governance that created them (and their trauma).

In this way, returning to Agamben, we can see how the discourse of trauma acted as a self-reinforcing apparatus of control. The discourse enabled various forms of sovereign power—not only Western governments, but the liberal capitalist way of life more generally—to reassert authority in the face of “crisis” circumstances it was complicit in creating the conditions of possibility for in the first place. Under the guise of “economic security” the traumatised victims of the

54. *Ibid.*, p. 360.

55. Edkins, *op. cit.*, p. xv.

sub-prime crisis were de-subjectified in order to help secure modes of liberal governance.

Against the plight of those sub-prime borrowers, “good” liberal financial subjects were defined who, temporarily at least, could still take out mortgages and life insurance policies and ensure the continued mobility of capital. In this way, as Foucault diagnosed in his series of lectures published as *Society Must Be Defended*,⁵⁶ the discourse of traumatic finance resembled a liberal biopolitical apparatus of security. Whereas forms of *disciplinary* power imply apparatuses that structure space by isolating, concentrating and enclosing bodies in order to enable some form of control over them, *biopolitical* apparatuses of security, on the other hand, work precisely by “allowing circulations to take place, of controlling them, sifting the good and the bad, ensuring that things are always in movement, constantly moving around, continually going from one point to another, but in such a way that the inherent dangers of this circulation are cancelled out”.⁵⁷

Here we might reflect suggestively upon the way that, despite all the traumatic imagery that circulated and the doubtless genuine reflections that ensued regarding the future viability of financial capitalism, the policy compromise that emerged ultimately supported the housing market, protected the banks and then subjected welfare systems across the world to austerity measures. Just as the liberal financial subject is secured, the safety net for anyone unable to meet the criteria of that category is removed.

3. Governing Subjects: The Economy, Bankers and Borrowers

Drawing the discussion of the previous sections together, the use of traumatic imagery in the discourse of the sub-prime crisis constituted the crisis as an event with traumatic characteristics. In emotive terms, responsible savers and borrowers were created as the passive and helpless victims of this “financial tsunami”. While the real heat of the sub-prime crisis was perhaps being felt in the market for mortgage-backed securities, the central “effects”, as they were relayed in the media, were upon individuals themselves. This was not then just a crisis of balance sheets, but a traumatic event for persons whose entire way of life was in peril. In Agamben’s terms, the victims of the sub-prime crisis were produced as bare life, a form of life rendered needy and without significant political voice, incapable of resisting or surviving without the assistance of the sovereign power of governance. In this way, our analysis shares some overlap with the work of theorists on moral panic surrounding financial crises. Indeed, as Mat Watson argues:

[...] it was the financially literate, financially aware and financially conscientious members of the middle classes who could claim to be the genuinely innocent victims of a sub-prime crisis that was the result of other people’s poor decision-making. By downplaying the human interest aspect of stories about being in the sub-prime sector, the idea of being innocently in that sector was progressively lost.⁵⁸

56. Michel Foucault, *Society Must Be Defended: Lectures at the Collège de France, 1975–76* (London: Penguin, 2003).

57. *Ibid.*, p. 65.

58. Watson, *op. cit.*, p. 433.

This construction was both enabled by—and *symptomatic of*—a period of inscribing dividing lines between financial subjects. As Watson indicates, “prime” borrowers were divided from “sub-prime” and, further, “predatory” lenders were demonised at the expense of “responsible” lenders. Agamben’s account of bare life adds to the literature informed by the sociology of deviance by diagnosing the connection between the production of marginal/deviant financial subjects and the broader operation of biopolitical logics of liberal governmentality. Within the discourse of “delinquent finance”, national images came to the fore: the British lambasted the US; the Europeans criticised the Anglo-Saxons; and the “developing world” poured scorn on the North. However, perhaps most interesting about this period, for our purposes, was the way in which the production of the sub-prime crisis as a traumatic event entailed a particular range of “responses”.

As we have seen, the nature and politics of response to the crisis echoes the discourse of therapeutic governance. It was not that financial citizens—even the innocent victims—were being *included* in the discussion of how the response should proceed. Quite the reverse in fact; once their status as victims was secured, their political agency was essentially diminished (or “de-subjectified”), and the path was clear for interventions on their behalf. Thus, while some commentators may want to construct—and quite persuasively so—an exclusively class-based analysis of responses to the sub-prime crisis, seeing a classic recalibration of capital and wealth away from labour, we seek to go further and uncover how sovereign power is entrenched through processes of de-subjectification at play. In particular, we are sensitive to the (re)production of financial citizenship that pertains to the traumatic discourse of the sub-prime crisis. In this final section, we examine three sites of response in order to further outline and illustrate our position: the economy, bankers and borrowers.

What is provided here is no more than a snapshot of some of the ways in which our approach might be developed, which finds particular resonance in the British experience of the sub-prime crisis. Other avenues that may be productively explored include bankruptcy, discourses of foreign capital, migrant labour and discussions of the effective “banning” of particular groups (e.g., smokers, the obese, etc.) from public healthcare.⁵⁹

The (British) Economy

On the eve of the recapitalisation of the banks, Gordon Brown released a podcast from Downing Street in which he argued that government intervention was part of a more general “humanitarian” response to the sub-prime crisis. He stressed, “I want you to know, we are doing this for *you*”.⁶⁰ State intervention to support the banks was thus couched in terms of *saving* individuals. This move, of course, followed previous interventions on behalf of borrowers and savers, and most notably the decision to nationalise parts of Northern Rock. How did the weight of traumatic imagery, the “heart attacks” and “death spirals”, resolve themselves into massive interventions to save the banks (institutions that were arguably the cause of the “trauma”)?

59. Best, *op. cit.*

60. Emphasis added; cf. Rawnsley, *op. cit.*

It follows from our argument that sovereign power requires both the production of bare life to identify its “other” and for that other to be enfolded and secured. The way that trauma and the traumatic event were mobilised suggests that this discourse was a particularly effective apparatus for such an exercise. While sub-prime-related issues were identified well before any of the bank runs, credit freezes and stock crashes that we now more commonly associate with “the event”, such issues did not constitute a popular news story. Falls in house prices in the US and problems with various mortgage-backed securities simply did not resonate, initially, with the British public. Even the long list of failing sub-prime banks that sprang up through 2006/7 did not occupy much headline space. However, the fall of Northern Rock was a different issue. Simultaneously, anxiety about financial vulnerability, expressed through images of savers queuing round the block to access their savings, was presented alongside the nurturing of a discourse of national shame. This was widely represented as the first run on a British bank for over 100 years and sounded a death knell to the long-felt sense of financial strength based on the City of London. Anxiety and shame were thus mobilised as potent emotional categories. They heightened the urgency of the crisis, nurtured the generalised sense in which these were economically exceptional times, and thereby proffered the question of response in particular (and political) ways.

On the one hand, anxiety became a mainstay of the news reporting on this issue.⁶¹ Members of the public were seen telling their stories of lifetime savings, worries over their future, and even insecurities about their ability to “see” their money. In this context, a helpless victim of the generalised trauma was constructed, bearing witness to a collective tragedy with individual impact.⁶² On the other hand, the issue of shame was quickly marshalled to defensive discourses of national pride. This saw a popular discussion over the question of which nations had the “worst” or most exposed financial sectors. Who had taken the greatest risks, endangered the most people?

For a long period Gordon Brown pointed the finger at the US,⁶³ but soon the story turned to Iceland, a country whose financial system was in a potentially far more precarious state than the UK’s. While this turn might reflect a realist logic of securing good relations with the most powerful players, our interest is in the invocation of emergency powers to freeze Icelandic assets. Such an invocation, after all, reflects a Schmittian logic of exceptionalism referred to in the previous section. Normal financial relations were suspended and the declaration of exceptional circumstances came to permit exceptional measures. While the use of these emergency powers related most explicitly to relations with Iceland, it can be argued that a generalised state of exception indeed came to characterise global markets and pervade Western societies in particular.

In the UK context, amidst the turmoil and globally diffuse complexities of the sub-prime crisis, a national image of the economy was produced as a realm to be secured. Indeed, borrowing from the language of the Copenhagen school of security studies, this sector was in effect “securitised”: taken outside of the normal workings of

61. Watson, *op. cit.*, p. 433.

62. BBC News, *op. cit.*

63. Stephen Webb, “Playing the Financial Crisis Blame Game: Foreign Leaders Were Quick at First to Attack the U.S. for Subprime Woes”, ABC News International, 9 October 2008, available: <<http://abcnews.go.com/International/story?id=5987055&page=1> (accessed 31 May 2010).

political order and framed via the lens of security.⁶⁴ In these terms, an existential threat was posed to the referent objects of “Britain”, “the British people”, and their “way of life”. The securitisation of the British economy and the instantiation of a generalised state of financial emergency entailed the rendering of British subjects as the “real” victims of the banking collapse in desperate need of protection. As Brown put it, “We are taking legal action against the Icelandic authorities . . . We are showing by our action that we stand by people who save”.⁶⁵ Following an Agambenian logic, the activity of responding to those produced in need of salvation served to reinforce the position of the British government at a time when the security of its own authority was at stake. In this way, and against the grain of extant analyses, the production of the crisis actually created opportunities to govern in ways that reinforced particular visions of sovereign political community.

Bankers

Responses to the constructed trauma of the sub-prime crisis—by the media, politicians and authorities—entailed movements *between* different positions. Thus, for the UK government, the issue of sub-prime went from being a global phenomenon, to an issue for the US, to a national shame, and then on to being a question of national pride (the notion that the UK is still a “stable home” for global finance). Indeed, while in Davos, Brown went to great lengths in order to deny the suggestion found in headlines of the *New York Times* and the Bagehot column of the *Economist* that London was no more than “Reykjavik-on-Thames”.⁶⁶ Nowhere is this idea of movement between subject positions, reminiscent of Agamben’s notion of the play of subjectification and de-subjectification in contemporary apparatuses of control, more acute than in relation to the discourse on bankers.

According to conventional accounts, a common reaction to traumatic events is to feel anger and blame.⁶⁷ Clearly, with the benefit of hindsight, these emotions can be read into the experience of bankers. However, it is possible to identify an initial confusion in popular reactions to the role and position of bankers in the sub-prime crisis. In the early days of reporting, the position of bankers was widely portrayed as an aspect of the traumatic event itself. Bankers were seen in their traditional poses reserved for such occasions—jackets off, rolled up sleeves, shouting, and touching their faces looking aghast.⁶⁸ Even when it became clear that there had been a litany of serious errors and excesses within several of the now collapsed big investment banks, the media focused on the job losses. Individual bankers were pictured leaving their office, looking resigned

64. Barry Buzan, Jaap de Wilde and Ole Wæver, *Security: A New Framework for Analysis* (London and Boulder, CO: Lynne Rienner, 1998).

65. Bloomberg, “UK Freezes Icelandic Bank Assets”, available: <<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aarH9BaUZJZY>> (accessed 10 November 2011).

66. See, *inter alia*, Bagehot, “Reykjavik-on-Thames”, *The Economist*, 29 January 2009, available: <<http://www.economist.com/node/13021969>> (accessed 10 November 2011); D. Smith, “Gordon Brown Says: London is Not ‘Reykjavik on the Thames’”, *The Times*, 1 February 2009, available: <<http://business.timesonline.co.uk/tol/business/economics/article5627301.ece>> (accessed 9 May 2011).

67. See Mark Goulston, *Post Traumatic Stress Disorder for Dummies* (London: John Wiley and Sons, 2007).

68. Indeed a semi-satirical blog called “brokers with hands on their faces” was set up to chart this particular aesthetic of the crisis: <<http://brokershandsontheirfacesblog.tumblr.com/>>.

and carrying their boxes.⁶⁹ Of course, as we now know, this confusion did not last long and the mood quickly turned as people realised that the massive sums being used to bail out the banks were going to come from taxpayers' money (current and future).

While we are often taught to think about crisis as an opportunity to re-explore the compromise between capital and labour, it is interesting just how squarely the traumatic discourse of the sub-prime crisis avoided such abstractions. Instead the focus turned quickly to characters like "Fred the Shred" and the details of his salary and pensions; there was even a long period of focus upon his home, with cameras stationed outside his house for some days while he was in another country.⁷⁰ In psychological terms, reactions like anger and blame are understood as normal, but potentially counter-productive if excessive or persistent. From an applied Agambenian perspective, it can be noted that through the construction of individual bankers as social pariahs in need of governance, in the form of a ban or heightened regulation, there is a curious pacification of criticism of the structure of banking and finance itself; in other words, a depoliticisation of the context in which their deviance became possible.

In this example, the deviant "greedy banker" is produced concurrently with a discourse of national pride that seeks to save the wider system of banking. While we run the risk of going too far beyond the historical and philosophical specificities of Agamben's argument, it may be suggested that the de-subjectification of the bankers in this way shares a curious similarity with his diagnosis of bare life. The paradigmatic figure of bare life—the *Müsselmänner* of the Nazi *lager*—is of course a far cry from the subject positions of bankers caught up in the sub-prime crisis (and to avoid any confusion it is certainly *not* our intention to draw or imply ethical and political equivalences between the two). Yet, although it would be churlish to overstate these equivalences in empirical terms, the *logic* of the production of the banker-as-outcast from the social-economic order is reminiscent of that which bans *homo sacer* from the city in Agamben's account of sovereign power. Both are subjects who can be saved by humanitarian logics of intervention, but given no place or voice in the "normal" juridical-political from which they are banned.⁷¹

Borrowers

What of the central victim of the financial tsunami—the borrower? In early reporting of the sub-prime crisis it was widely perceived that the problem was a straightforward "finance gone wrong" scenario. As Montgomerie argued, "the narrative of the subprime crisis has been constructed around two distinct personalities: the credulous and financially illiterate subprime borrower and the greedy and predatory subprime lender".⁷² However, the "victims" of the sub-prime crisis

69. The collapse of Lehman Brothers was typified by such images. At this stage the dominant narrative was sympathy and Lehman Brothers and its employees were portrayed as victims. As the BBC coverage suggested, "Having survived two World Wars, one Wall Street crash, and 9-11 it now looks like the sub-prime crisis will prove the undoing of Lehman Brothers", available: <<http://www.youtube.com/watch?v=4wxeBBYE8pk>> (accessed 9 May 2011).

70. BBC website, "Why Does Everyone Hate Fred the Shred?", available: <<http://news.bbc.co.uk/1/hi/magazine/7924481.stm>> (accessed 10 November 2011).

71. Agamben, *Homo Sacer*, *op. cit.*

72. Montgomerie, *op. cit.*, p. 2.

who received the most attention, especially in the UK, were the *responsible* borrowers: prudent mortgage holders, ensuring their welfare.⁷³ For them the “trauma” was most vividly felt in the long and seemingly inexorable decline of house prices and the need to ensure low interest rates. In this way, a crisis of financial citizenship was read into declining asset prices, directly linked to the subject position of liberal financial subjects. Thus, the traumatic discourse of the sub-prime crisis centred narrowly on the recovery of house prices, rather than any more general issues of inequality, or various stratifications due to race or gender (or indeed any broader politics of housing and welfare).

Sovereign dividing lines were inscribed from the start between “prime” and “sub-prime” borrowers. While there was an opportunity perhaps to reflect upon some of the more pernicious practices that entailed the delineation of sub-prime—such as racial profiling and gender and mental issues—what we in fact saw was the generation of patterns of deviance.⁷⁴ Such people were commonly portrayed as NINJAs (“No Income, No Job, or Assets”) and an example of finance gone mad. The IMF even referred to the whole practice of sub-prime lending as “seriously delinquent finance”.⁷⁵ In terms of the discourse of trauma, the sub-prime crisis was illustrative of the vexed politics of victimology whereby the very social discussion (often contest) over who can claim victimhood for their cause is of acute political importance.

By claiming victimhood, “responsible” financial subjects in the UK were able to enjoy the promise of rescue and recovery. The panoply of governance responses suggested or implemented during the period of response is breathtaking. Mortgage repayments were guaranteed; the Bank of England rate of interest was brought down to 0.5%; billions upon billions in capital and low interest loans were pumped into the financial sector with the expressed purpose of keeping banks lending; and there was a reduction of stamp duty.⁷⁶ In other words, the manner of the movement between victimhood and survival involved an even stronger pact with the sovereign power of finance and the affirmation of the particular category of liberal financial citizenship.

The endemic violence sustained through the production of the imperilled sub-prime borrower as bare life is most obvious when we pause to reflect on the disproportionate effects of the crisis on certain populations. Indeed, while the generalised state of exception implies a pervasive economic insecurity that potentially renders us all bare life or *homines sacri*, as Agamben has controversially argued, evidence shows that the production of the deviant sub-prime other nevertheless was and continues to be a highly racialised apparatus. As Wyly *et al.* have shown in the context of the US, sub-prime lending has always been disproportionately concentrated among ethnic minority individuals and neighbourhoods.⁷⁷ At the height of the crisis, however, racial segregation intensified to new levels.

73. Watson, *op. cit.*

74. Langley, *op. cit.*; Seabrooke, *op. cit.*

75. Randall Dodd, “Subprime: Tentacles of a Crisis”, *Finance and Development: A Quarterly Magazine of the IMF*, Vol. 44, No. 4 (2007), pp. 15–19.

76. C. Hay, “The 2010 Leonard Schapiro Lecture: Pathology without Crisis? The Strange Demise of the Anglo-Liberal Growth Model”, 60th Anniversary Political Studies Association (PSA) Conference, Edinburgh, 29 March–1 April 2010; Langley, *op. cit.*

77. Elvin Wyly, Markus Moos, Daniel Hammel and Emanuel Kabahiz, “Cartographies of Race and Class: Mapping the Class-monopoly Rents of American Sub-prime Mortgage Capital”, *International Journal of Urban and Regional Research*, Vol. 33, No. 2 (2009), pp. 332–354.

In 2004 African-Americans were 1.6 times more likely to become “sub-prime borrowers” than non-Hispanic white people; and by 2006 they were 2.3 times more likely.⁷⁸ During the same period the share of African-Americans pushed into high cost loans soared from 37% to 54% and inequalities were even more severe in cities such as Cleveland, Chicago, Newark and New York.⁷⁹ In this way, the dynamics of the production of sub-prime bare life can be read as part of broader racialised sovereign logics of who is/is not deemed “worthy”—not only of credit, but as part of legitimate political community as defined by liberal biopolitical modes of governance.

Conclusion: Resistance beyond Vulgar Resistance

[...] The prevailing tendency to clearly identify unscrupulous and predatory lenders as the cause of the crisis may actually be politically disabling. Apportioning blame in this way contributes to securing a foe as a scapegoat, and leads into the belief that the problems created by predatory lenders in the sub-prime sector and by excessively greedy Wall Street Financiers can be regulated away. But apportioning blame also serves to secure the identity of those who are assumed to oppose that foe. Pointing the finger at predatory lenders, or their cosy relationships with credit ratings agencies, for instance, rather conveniently secures the identity of “prime” lenders and borrowers.⁸⁰

Paul Langley identifies the crux of the problem of thinking resistance to the excesses of global finance beyond a vulgar form of reactionary critique. In the context of a media spotlight on bankers’ bonuses, tax avoidance, securitisation and pro-cyclical lending practices, it is somewhat tempting to see the sub-prime crisis as a moment of great opportunity. However, as Langley suggests, such opportunities must be placed in question. On the one hand, following a line of vulgar resistance, and echoing the experiences of numerous previous rounds of financial reformism, it can be observed that very little has changed. Minor “one off” levies on the banking sector combined with minimal scrutiny of *individual* bankers’ bonuses are somewhat piecemeal reforms in the context of such levels of anger. While there is clearly some public mood for scrutiny as evidenced in the formation of movements like UK-UNCUT, which deploys important strategies of resistance to question and indeed rephrase conceptions of the public sphere embodied in the current round of cuts in the UK, it is arguably too little, too late. Moreover, the prevailing view that the “answer” lies in state regulation of the apparently errant financial sector is underpinned by a problematic separation between states and markets that further endorses the capacity for sovereign power to “succeed”. On the other hand, resisting the line of vulgar resistance involves a deeper questioning of how finance is a social practice produced and re-produced though everyday life. Langley points to the important issue of how blaming particular “excessive” practices like sub-prime lending can have the ironic effect of

78. *Ibid.*, p. 346.

79. *Ibid.*, p. 349.

80. Langley, *op. cit.*, p. 490.

securing the identity of “prime” lending. In this sense, critique tranquilises critique; a questioning of the broader practices of governmentality is forgone:

Given that the calculative devices of risk that have proved so contradictory in sub-prime lending have also made possible prime networks of mortgage and consumer borrowing over the last few decades, the relational representation of a realm occupied by apparently responsible lenders and borrowers is especially problematic.⁸¹

Indeed, this questioning of the “othering” practices of the sub-prime crisis has been pronounced in early critical work on the topic.⁸² Contributing to this line of thought, this article has sought to draw out the “thick” discursive relations between individuals and finance that accompanied the traumatic rendering of the sub-prime crisis. At stake is a notion of how it was not simply practices of “othering” at work, but more complex and ongoing processes of subjectification and de-subjectification. Indeed, as expressed in our title, the production of the sub-prime crisis as a traumatic event and the cultivation of crisis conditions legitimised by that discourse in turn created opportunities for governance precisely through the movement of these subject positions. The relationship between individuals, their houses/homes and their investment and saving habits was suddenly produced as a category of moral analysis in the public sphere. Fear, guilt, shame and anger were mobilised and sovereign responses, typically couched in the humanitarian vocabularies of salvation and helping victims, as we have seen, were not only justified but seen to be necessitated.

While our approach clearly echoes and supports a Foucauldian analysis—indeed, as we have stated, Agamben works within a broadly biopolitical logic—we would also suggest that there are important resources in Agamben that can take us beyond the sometimes “technical” overtones of governmental approaches in IPE. That is to say, it may very well be that technologies of risk, calculative devices and so on, are weaving with particular subject categories—mortgagers/responsible investors, prime borrowers, etc.—but this account does not fully grasp the *violence* of decisions that produce bare life. It is by bringing the violent logics of sovereign power back into the foreground of analyses of the production of subjectivity that we are able to connect and better grasp the effects of the discourse of the sub-prime crisis as a traumatic event. In this sense, and going beyond a logic of vulgar resistance, some curious and perhaps counter-intuitive points can be raised.

Firstly, the moral demonisation of sub-prime borrowing, and the salvation of the “real victims” of this crisis, i.e. the responsible prime borrowers, has somewhat overshadowed the potentially transformative effects of sub-prime lending itself. Extending credit to support sustainable asset ownership may very well change the game for many marginalised in society. Thus it is not sub-prime, *per se*, but the specific practices of securitisation, the bundling and re-bundling of risk that led to the expansion of sub-prime lending, which should be questioned.⁸³ Unfortunately, as Chris Clarke points out, the practice of securitisation has been left

81. *Ibid.*

82. See, *inter alia*, James Brassett, *Cosmopolitanism and Global Financial Reform: A Pragmatic Approach to the Tobin Tax* (London: Routledge, 2010); Montgomerie, *op. cit.*; Sinclair, *op. cit.*; Watson, *op. cit.*

83. The authors thank Nigel Thrift for helpful advice on this point.

largely unscathed by even the most “reformist” of the numerous “commissions” on financial reform.⁸⁴ Secondly, and perhaps more critically, one of the politically disabling elements of the logic of vulgar resistance is precisely a crowding out of the possibility of asking deeper questions about the centrality of finance to everyday life. The moral certitude of blame simply distracts from other possibilities like de-securitisation, or, on an individual level, de-financialisation, that are not skewed by the moralised divisions between prime and sub-prime, normal and delinquent finance. Indeed, such questions might disrupt the ever more commonsensical conflation of individuals with their home (read: investment) and open up new debates about the politics of housing.

One of the implications of the financialisation of everyday life is that everyday subject positions become a salient component of the operation of global finance. Rather than interrupting the process of governing liberal financial subjects, the sub-prime crisis demonstrates the evolving contours of an ever more entrenched and secure set of arrangements. The discourse of the sub-prime crisis as a traumatic event simultaneously (re)produced the centrality of finance to our future “survival”, just as it seemed to question the desirability of such centrality. Drawing from Agamben, we have argued that this was achieved through overlapping processes of subjectification and de-subjectification to construct a financialised form of bare life against which liberal subjects could then be identified, enfolded and secured. The apparatus of invoking the discourse of trauma—and specifically knowledge about the traumatic event—provided ready resources, emotional and psychological categories, for the inscription of dividing lines to shore up the sovereign power of “normal finance”. Crucially, we think, it was not simply that certain subjects benefited at the expense of others, but rather that the movement *between* the subject positions of liberal financial subject and bare life—made possible by the discourse of trauma and the crisis conditions it instantiated—was itself the site of governance. Hence, the key question is not how governance should “better” respond to the financial crisis, but how we are to understand that crisis *as* governance.

84. Chris Clarke, “The Ethico-political Space of Financial Crisis: Individual Subject Positions in Light of Subprime Regulatory Responses”, Paper presented at the International Studies Association Conference, Montreal, 16–19 March 2011.