

**Original citation:**

Brassett, V. and Vaughan-Williams, N. (2010). Crisis is governance : sub-prime, the traumatic event, and bare life. [Coventry] : Centre for the Study of Globalisation and Regionalisation, University of Warwick. (Working Papers, no. 268).

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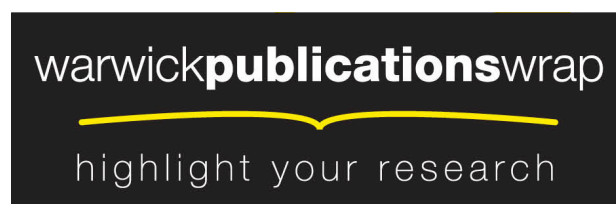
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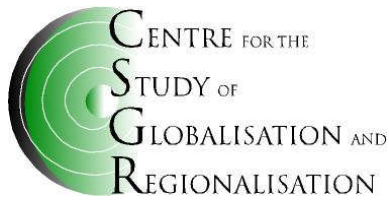
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Crisis Is Governance: Sub-Prime, the Traumatic Event, and Bare Life

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CSGR Working Paper 268/10

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Abstract

The article provides a critical analysis of the role of discourses of trauma and the traumatic event in constituting the ethico-political possibilities and limits of the subprime crisis. It charts the invocation of metaphors of a financial Tsunami and pervasive media focus on emotional ‘responses’ like fear, anger, and blame, suggesting that such traumatic discourses constituted the subprime crisis as a singular and catastrophic ‘event’ demanding of particular (humanitarian) responses. We draw upon the thought of Giorgio Agamben to render this constituted logic of event and response in terms of the concomitant production of *bare life*; the savers and homeowners who became ‘helpless victims’ in need of rescue. We therefore tie the ongoing production of the sovereign power of global finance to broader processes that entail the enfolding and securing of everyday financial subjects. These arguments are illustrated via an analysis of three subjects: the economy, bankers and borrowers. We argue that it was the movement between subject positions – from safe to vulnerable, from entrepreneurial to greedy, from victim to survivor, etc. - that marked out the effective manner of governance, confirming in this process sovereign categories of financial citizenship, asset based welfare, and securitisation that many would posit as the very problem. In short, (the way that the) crisis (was constituted) *is* governance.

Keywords: Bare Life, Crisis, De-Subjectification, Sovereign Power; Trauma

‘Financial Tsunami: The End Of The World As We Knew It’

(Market Oracle Headline, Sept, 30, 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, October 7th, 2008)

Introduction

Media and policy discussions of the sub-prime crisis were marked by a prevalence of catastrophic and traumatic imagery (Brassett and Clarke, 2010). 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’.¹ The traumatic qualities and characteristics of this event can be found in media portrayals that represented it in terms of shock, devastation, anxiety, fear and shame. Emotional categories such as these were echoed in policy discourses that sought to address the ‘financial Tsunami’ that was threatening to engulf the world economy; as something we had both a duty to respond to, but, also to anticipate through the construction of ‘early warning systems’ (Brown, 2008). 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 £4bn Icelandic finances and various efforts, sometimes overnight, to bail out of the banks.

Interestingly, early work on the sub-prime crisis within academia has done remarkably little to question the representation of the crisis as traumatic. With some notable exceptions (e.g. Thompson, 2009; Watson, 2009), authors within economics and IPE have been content to

¹ As an indication of the kinds of time span 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>

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 (Preston, 2009; Sinclair, 2010; Woods, 2009). For scholars that employ the tropes of trauma, crisis and catastrophe, the suggestion is clearly, and quite understandably perhaps, 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 add weight to reformist objectives. Thus media, policy and academic discourses seem to have coalesced around the question of governance as a ‘response’ to this ‘traumatic event’. Do we need more or less governance? Do we need more just or democratic forms? Etc.

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 and discussions of global governance more broadly. 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 (1998, 2000, 2006), it is argued that the discourse of trauma provides ready ingredients for the (re)production of sovereign power, liberal financial subjects, and the very market apparatuses 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 expectation, that requires a set of exceptional responses (See inter alia Bisson, 2007; Royal College of Psychiatrists, 2010). In the psychological and humanitarian literature, the 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 (See Pupavac, 2001). In section 1 we suggest that this narrative of trauma worked within the discourse of the sub-prime crisis to both construct an ‘extreme

event' and render responses to it according to certain logics. Thus, financial subjects including borrowers and taxpayers were portrayed as the helpless, needy victims of an extreme traumatic event.² Emotional responses including shock and fear soon gave way to a moral discussion that centred upon a sense of guilt/shame, for borrowing so excessively, and anger, at 'greedy bankers' for lending so wildly (See also Widmaier, 2010). A discourse of deviance quickly emerged with common critiques of 'seriously delinquent finance' and 'predatory lending'. The very category of the 'sub-prime borrower', a very broad category in itself, was filled out with racial and geographical 'data' to render these 'NINJA's' (No Income, No Job, or Assets) in exotic terms (Montgomerie, 2008; See also Seabrooke, 2010). The effect of such 'othering' practices was to affirm an apparently 'normal' realm of stable finance and honourable financial subjects who must be secured (Brassett et al. 2010).

Ultimately, this traumatic narrative – shock, guilt, anger, blame - was invoked repeatedly by policy actors to justify the use of emergency powers, in a manner akin to humanitarian relief in the face of natural disaster. Thus, we argue, crisis was itself a form of governance that justified particular responses and forms of intervention: we need to survive, we need governance.

Section 2 interrogates the traumatic narrative of the sub-prime crisis by reflecting on Giorgio Agamben's arguments about the relationship between sovereign power and the production of certain subjects as what he terms 'bare life'. For us, there is a ready overlap between such arguments and the emergence of binaries between normal finance (to be secured) and the discursive others of greedy bankers and 'sub-prime borrowers'. For Agamben, bare life is a form of subjectivity that is 'amenable to the sway' of sovereign governance (Dillon 2003). Bare life is not an accidental bi-product of liberal politics, but rather a necessary component of the continuation of that way of rule in the face of its inherent instabilities and limits. On this argument, the traumatic narrative of the sub-prime crisis serves to produce bare life as a mechanism for ensuring the continuation of 'normal' sovereign and financial power relations.

² In this sense we attempt to follow through on the suggestion of Fassin and Rechtman (2007: 6) that: "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." Thus, broadly, our interest in invocations of trauma and victimhood around the sub-prime crisis can be seen to echo previous research on moral panic. Quintessentially see Hay, C. 'Mobilization through interpellation: James Bulger, Juvenile crime and the construction of moral panic', *Social and Legal Studies*, 4(2): 197-223.

Thus, our interest is in the specific and everyday experiences of financial subjects, how, and on what terms, they enter into discursive relationships with each other. Indeed, drawing on Agamben's more recently translated arguments about the 'apparatus' and the way it administers technologies of power, we argue that everyday knowledge about trauma occupies just such a position in the discourse of the sub-prime crisis (2009). By mediating between structures of sovereign power operating through global finance and processes whereby subjects are produced through a concomitant *de-subjectification* – from safe to vulnerable savers, from entrepreneurial to dangerous borrowers – it is suggested that knowledge about trauma represents one of various apparatuses for the production of bare life that shores up the sovereign power of finance.

Thus, finally, Section 3 articulates three mechanisms whereby the traumatic narrative of the sub-prime crisis was complicit in the production of forms of bare life that (ironically) ensured the successful continuation of sovereign power. Firstly, the invocation of emergency powers by the UK government was executed in precisely the terms established in the traumatic discourse, i.e. that without such actions the British economy—and accompanying 'way of life'—faced an existential threat. In particular, we highlight the movement between 'shame' and 'pride' as an important moment of de-subjectification. 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', e.g. 'Fred the Shred', and away from the sovereign power of normal finance that (as above) needed to be secured. Rather than financial capitalism and securitisation as a whole, it was 'certain' bankers' wild practices that were to blame and, hence, they were to blame. And thirdly, returning to the issue of survival, we look at a range of interventions that sought to re-empower liberal financial subjects, moving 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', at the expense of 'fool hardy borrowers' (Montgomerie, 2008; Watson, 2009). Once this dividing practice was complete and cautious victims were secured, and the banks were recapitalised, we note how attention turned instead to welfare reform. The effect of such shifts is to mobilise the bare life of the financial subject to the perpetuation of sovereign power, such that individual financial fears are harnessed to collective responses that render unquestioned the financial category of homeowner, 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 are ultimately ensured through the manner of the movement between victim and survivor, from trauma to ‘recovery’.

Our central argument, then, is that the production of traumatised financial subjects to be ‘saved’ by the apparatuses of liberal sovereign governance—before during and after the sub-prime crisis—is a site of political importance. Discourses pertaining to the reform of global governance, so as to allow financial citizen-subjects to live with stability, are no doubt considered by some to be a laudable reflex. What we want to highlight, however, is that more attention needs to be paid to the manner in which the (re)production of such subjects rests upon a discursive violence that constructs ‘bare’ and therefore also ‘normal’ forms of life that bolsters the sovereign power of global financial 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 (Sinclair 2010: 100).

This section seeks to unpack the role of discourses of trauma in the constitution of the politics of the sub-prime crisis. After first tying the use of traumatic imagery around the crisis with a longer history of the use of metaphorical tropes in finance, it is suggested that trauma presents a new set of limits and possibilities. In particular, by identifying the crisis as a traumatic ‘event’ to which we should respond, sub-prime is placed on a continuum with other major ‘disasters’. In common with discourses of disaster management and humanitarian psychology we point to the emergence of a discourse of victims, helpless and in need of salvation. Equally, the media and policy discourse of the sub-prime crisis can be seen as the site of the emergence of an emotional politics; anger, blame, guilt and shame were mobilised in complex ways. Interestingly, we argue, this classic gamut of traumatic emotions can be understood to perform certain moves that rendered financial subjects as governable. Thus the

traumatised financial subject can be addressed in terms of the production of bare life, as we outline in the next section.

Metaphors of finance

Finance has long been an area of intense metaphorical work (Clark, 2005; Kelly, 2001). 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 (2005) 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. 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 Dan Buick told Radio Four in the midst of one recent crash, the markets were in need of ‘a good slap’ to bring themselves to their senses. As De Goede (2000: 72) 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.

When financial markets go out of control then, there is often a sense that some higher (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 (e.g. Goldstein, 1999: 6).

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 (2009) 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.” This idea of a financial Tsunami was common across a range of media commentators and policy actors, including for instance Gordon Brown who rendered the metaphor according to discussions about transparency. He called for an early warning system akin to the early warning system he endorsed around the time of the actual Tsunami. Indeed, the use of imagery like ‘Tsunami’ is interesting because it draws upon common understandings of mass death associated with the 2005 Tsunami that hit Thailand, Sri Lanka and India. 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, death spirals and – in more light hearted tone – the ‘cash-pocalypse’ (Brooker, 2008). In his BBC weblog Paul Mason (2008; emphasis added) 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.*

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 a broader, more everyday interest in the politics of finance than is commonly assumed in much of the literature. But for our purposes,

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.³

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 volume) 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.

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 economistic readings of reality, and, ongoing processes of financialisation that have witnessed the widespread ‘democratisation’ of finance such that everyday citizen subjects are increasingly rendered as ‘financial subjects’ (Langley, 2008; See also Rethel). 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 wish to 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

³ More broadly, then, we echo Wes Widmaier (2010: 129) when he argues that “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.”

political force of materiality (Lundborg and Vaughan-Williams, 2011). 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 couldn't access their savings, the frustrations of those trying to sell their houses, the bankers who lost their jobs overnight, indeed the widespread demonization 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. This builds on an important point made by Clark *et al* (2004: 298) who suggest that the constantly changing images and information bars on television channels 'breathe life into finance, turning it into a living organism'. As such '[r]ather than a rational entity, finance becomes a performative, continuous activity whose appreciation assumes a minimum level of financial literacy' (Clark *et al* 2004: 298). 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 24hr TV News and the home owning ideology of the *Daily Mail*, as it is financial models or the dominant discourses of economics and politics.

Significantly, the over-riding frame in representations of the sub-prime crisis was one that focussed on emotional reactions. 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.⁴ 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 – and anger for the alleged perpetrators. The 'blame game' which emerged sought to identify numerous candidates and make them feel guilt and shame for their role (See Sinclair, 2010). Clearly the excesses of bankers, predatory lending and high remuneration was a major issue, but equally perhaps, there was a more general reflection upon the way that we were all quite 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 (Brassett and Clarke, 2010).

⁴ BBC News (2007) 'Northern Rock Customers Air their Views', *BBC News web site* 17/09/07 <http://news.bbc.co.uk/1/hi/business/6999272.stm> [accessed 04/06/10]

These kinds of emotional responses were not just individual experiences, but were gradually mobilised by the media and, in Colin Hay's terms (1995), interpellated as collective categories for understanding and responding to the crisis. Indeed, Matthew Watson (2009) argues that 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. The active production of a middle-class panic then served to allow the government to justify incredibly large interventions to re-capitalise 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 who created the excessive lending in the first place. As Watson (2009: 427) 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'. He 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 as dominated by experts, complex knowledge and powerful players – and the emergence of everyday financial subjects of the other.⁵

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

⁵ Recent work in IPE has highlighted the importance of the performance of everyday financial subject positions (e.g. Langley 2008), which seem to come to the fore when we start to unpack the traumatic discourse of the sub-prime crisis. In Langley's (2006: 922) terms, it is precisely those 'subjects who, self-consciously and responsibly, further their own security and freedom through the market in general and through the financial markets in particular' who would find themselves enthralled to the overlapping discourses of fear, blame and shame. Their emotions are directly appealed to in the narratives that individualise the crisis, creating and nurturing insecurity, and perpetuating a sense that survival is in question.

beginning with the Northern Rock episode through to the collapse of the 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 (Closs Stephens and Vaughan-Williams, 2008). 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. It is precisely these forms of governance that we seek to probe in closer detail. To do so, and following a broadly Foucauldian logic, 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 up 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 both 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 was a financial Tsunami, we might suggest, the question was where would it hit land and how many people’s lives were threatened.

On the other hand, we also wish to reflect more critically on the specific role trauma and traumatic imagery played 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/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 by 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 sub-prime crisis is itself a form of governance – or governmentality – that requires scrutiny on its own terms.

Agamben’s diagnoses of the politics of exceptionalism, the production of bare life, and the violence of sovereign power relations have been taken up in the study of international politics by a range of writers engaging with questions relating to: sovereignty and resistance in the context of the ‘War on Terror’ (Closs Stephens and Vaughan-Williams, 2008; Edkins, 2006; Edkins and Pin-Fat, 2004; 2005; Edkins, Pin-Fat and Shapiro, 2004; Edkins and Walker, 2000) Dauphinee and Masters, 2007; van Munster, 2004); practices associated with security as the new paradigm of global governance (Bigo, 2007; Dillon, 2007); trauma, the (re)production of sovereign community, and practices of memorialisation (Edkins 2003); the politics of global space, surveillance, and borders and bordering practices in global politics (Amoore, 2007; Edkins and Walker, 2000; Rajaram and Grundy-Warr, 2007; Vaughan-Williams, 2007, 2009a, 2009b), migration and patterns of global movement (Doty, 2007; Rajaram and Grundy-Warr, 2004); the politics of humanitarianism and human rights (Caldwell, 2004; Edkins, 2003) and debates about the rule of law and sovereign

exceptionalism (Connolly, 2004; Neal, 2006; Neocleous, 2006; Prozorov, 2005), to refer to only some of the literature.

Despite the speed and range of the uptake of Agamben in these areas, however, it is notable that the implications of his work for analyses of contemporary financial relations have not been fully cashed out in IR/IPE. In particular, IPE which sees itself as an open and creative home for inter-disciplinary work has noticeably skirted the implications of Agamben's work. It is precisely this lacuna that we hope to attend to in this contribution to the work above.

Apparatuses and the (re)production of subjectivities

A comprehensive exegesis of Agamben's diagnosis of the biopolitical logics of contemporary political life in the West is beyond the scope of this article. For example, we leave aside detailed discussions of the ban, the camp and the generalised state of exception, which, though central to Agamben's oeuvre, are nevertheless marginal to the thrust of our analysis and argument, and are in any case already abundant in the literature referred to above (for a summary see Vaughan-Williams 2009). Departing from extant discussions of his work, however, we take as our starting point Agamben's more recent reflections on the proliferation and intensification of apparatuses of control over life. Later in the analysis we will suggest that the discourse of traumatic finance can be read precisely as an apparatus that attempts to produce a particular form of subjectivity that (ironically) sustains the very dynamics that led to the 'sub-prime' crisis.

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' (Agamben 2009: 3). 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’ (Agamben 2009: 14).

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’ (Agamben 2009: 15). 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’ (Agamben 2009: ?).

Importantly, he raises 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. 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.

Sovereign power and bare life

Much of Agamben's recent and more widely read work centres around one particular apparatus and the form of subjectivity it seeks to produce in order to ensure its own survival: sovereign power and what he calls 'bare life' – a form of life without any political voice (Agamben 1998, 2000, 2005). As above, this diagnosis of contemporary political dilemmas has travelled widely across disciplines and has been associated with a more general reinvigoration of the potentially radical elements of post-structural analysis. However, to date it has received remarkably little attention within IPE or the manifold critical accounts of finance and financial crisis which exist. Thus, we will first introduce the contours of his overall argument in this respect before moving on to discuss how it connects with our more general problematisation of the sub-prime crisis as a traumatic event that produced bare lives and enabled certain forms of governance.

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 (Agamben, 1998:6). Also, for Agamben, and contra Foucault, the activity of the biopolitical machine is inherently linked with practices of sovereignty.

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' (Schmitt, 2005). 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 that: 'the tradition of the oppressed teaches us that the 'state of exception' in which we live is the rule' (Benjamin, 2003: 392). 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 (Agamben, 2005). That is to say, the politics of exception may be regarded as very much the norm for much of western society.

Drawing different these 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 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 in-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 (Agamben, 2004: 612). 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 can assume near to total control over victims’ lives. Victims, such as those people caught up in the recent devastating floods in Pakistan, 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 traumatic events in general and the sub-prime crisis in particular. In general terms, trauma and knowledge about trauma, can be understood as part of a more general apparatus that renders subjects as bare life. Drawing from a range of critical interventions within the ‘psy-disciplines’, it can be argued that practices of governing traumatic events are processes of the construction of bare life and the defence of sovereign power par excellence (See inter alia Foucault, Moon, Pupavac, Young). 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 that involve symptoms such as avoidance, repression, anxiety, shame, anger, etc. Indeed Pupavac terms 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. (Pupavac, 2001: 358)

This account is particularly amenable to our conception of trauma as an apparatus for the production bare life, since it points to the way that politics itself is subsumed within a medical account of the relations between subjects and governance. As 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.” (2001: 360). In short, it can be argued that 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, 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’ (Edkins, 2003: xv). 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 forced to reflect upon the violence that produces and is produced by the sovereign power of finance (Brassett and Clark, 2010).

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 liberal financial subjects as 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 circumstances it was complicit in creating the conditions of

possibility for the crisis in the first place. Under the guise of 'economic security' the traumatised victims of the 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, 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* (2003), 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' (Foucault 2003: 65). Here we might reflect suggestively upon the way that, despite all the traumatic imagery that circulated around the time of the sub-prime crisis, despite all the no doubt genuine reflections that ensued regarding the future viability of financial capitalism, the policy compromise which emerged ultimately worked to support the housing market, protect 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.⁶

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 acted to constitute the crisis as an event with traumatic characteristics. In emotive terms, responsible savers and borrowers were produced as the

⁶ Extending the traumatic imagery further we might question whether such a turn is itself a form of psychological repression that avoids the real and continuing effects of the crisis and closes down space for discussions about de-leveraging, de-securitisation, and de-financialisation. In short, the very issues that arguably produced the crisis are perpetuated in a manner akin to the re-experiencing phenomenon of trauma victims who re-live events and re-produce patterns of traumatic behaviour throughout their lives. We would not of course, wish to push this line of thought too far for fear of introducing an additional layer of subjectification – i.e. the anthropomorphisation of the political economy. However, we do suggest that once subjectivities are produced and rendered according to sovereign power, the task may not be to simply over turn them or 'wish them away', but rather to strategically enter into the question of how to think and practice them otherwise (Foucault). In short, genuine therapy may mean finding a way to reflect upon such questions.

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 securitisations, 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 the terms of Agamben, 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 (2009: 433) 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.

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 was set-up to require a particular range of 'responses'.

The nature and politics of responding to the sub-prime crisis serves to develop our interest in trauma by echoing 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 to intervene

on their behalf. Thus, while some 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 the forms of sovereign power that are entrenched in the movement between subjectivities. In particular, we are sensitive to the (re)production of financial citizenship that pertains to nearly all the responses to the traumatic discourse of the sub-prime crisis. In this final section, we examine three cases of response in order to illustrate our position: the economy, bankers, and borrowers.

The 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 to protect the banks was part of a more general, more ‘humanitarian’, response to the sub-prime crisis. He stressed ‘I want you to know, we are doing this for you’ (Cf. Rawnsley, 2010). State intervention to support the banks was 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. The question is, how did the weight of traumatic imagery, the ‘heart attacks’ and ‘death spirals’, resolve themselves into massive interventions to save the banks? We argue 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 traumatic event were mobilised suggests a particularly effective apparatus for such an exercise.

While Sub-prime related issues were identified long 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. House price falls in the US and problems with various mortgaged backed securities simply do not really resonate 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 at 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 a hundred years and sounded a death knell to the long felt sense of financial strength based on the City of London. Anxiety and shame were mobilised as potent emotional categories. They heightened the urgency of the crisis and proffered the question of response.

On the one hand, anxiety became a mainstay of the news reporting on this issue (Watson, 2009). Members of the public were seen telling their stories of lifetime savings, worries over their future, insecurity about their ability to even see their money. In this context, a victim of the trauma was constructed, bearing witness to their tragedy.⁷ 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 (Webb, 2008), but soon the story turned to Iceland, a country whose financial system that was in a potentially far more precarious state than the UK. 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 permitted 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 ‘securitized’: taken outside of the normal workings of political order and framed via the lens of security (Buzan et al 1998). In these terms an existential threat was posed to the referent objects of ‘Britain’, ‘the British people’, and their ‘way of life’. The securitization of

⁷ BBC News (2007) ‘Northern Rock Customers Air their Views’, *BBC News web site* 17/09/07 <http://news.bbc.co.uk/1/hi/business/6999272.stm> [accessed 04/06/10]

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.”⁸ Following an Agambenian logic, the activity of responding to those produced in need of salvation served to reinforce the sovereign power of the British government at a time when the security of its own authority was at stake.

Bankers

Also from an applied Agambenian perspective on subjectification/desubjectification, the interesting point about responses to the traumatic discourse of the sub-prime crisis is the way(s) in which subjects were affirmed (and denied) via movements *between* subject positions. Thus, for the UK government, the issue of sub-prime went from being a global phenomenon, an issue for the US, to a national shame, and then on to being a question of national pride: that the UK is still a stable home for global finance. Nowhere is this idea of movement more acute perhaps, than in relation to the discourse on bankers.

A common reaction to traumatic events is to feel anger and blame. In certain circumstances this can become inner directed. Often it is directed towards perceived perpetrators. Clearly, with hindsight this can be read into the experience of bankers. However, it is possible to note an initial confusion in reactions to the role and position of bankers in the sub-prime crisis. In the early days of reporting on the position of bankers it 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. 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, and carrying their boxes. 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 tax money (current and future).

⁸ ‘Bloomberg, ‘UK freezes Icelandic Bank Assets’ Downloaded at <http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aarH9BaUZJZY>

From the point of view of critical IPE, a crucial issue in the turn to criticise the bankers is the way that the venom was and has been throughout focused upon *individuals*. 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 was on 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.⁹

In psychological terms, reactions like anger and blame are understood as normal but counter-productive. In the worst cases anger becomes a self-perpetuating feeling such that nothing can quell it. So while the focus of such anger may shift, the feeling remains. In the case of the discourse of the greedy bankers, though, there is a discernible political effect. By constructing individual bankers as social pariahs in need of governance, in the form of regulation and/or exclusion, there is a curious pacification of criticism of the structure of banking and finance itself. In this case, the deviant ‘greedy banker’ is produced concurrently with a discourse of national pride that seeks to save the wider system of banking.

While it may be extending the application of Agamben too far perhaps, the desubjectification of the bankers shares a certain 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. Yet, although it would be churlish to overstate political equivalences between the two, the production of the banker-as-outcast is reminiscent of the were-wolf banned from the city: the life of *homo sacer*—or ‘bare life’—who can be saved, but given no place or voice in the ‘normal’ juridical-political order that they continue to be included in their very exclusion from (Agamben 1998).

Borrowers

So where does the most central victim of the financial Tsunami – the borrower – now find themselves? In the early period of reporting on the issues of subprime, it was widely perceived that the problem was a straight ‘finance gone wrong’ scenario. As Montgomerie

⁹BBC Website, ‘Why does everyone hate Fred the Shred?’ Download at: <http://news.bbc.co.uk/1/hi/magazine/7924481.stm>

(2008: 2) 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.” But such views, while important for raising the issue of the financial literacy/competence of the subprime borrower – which one might postulate is necessary when attempting to build a concept of financial citizenship (*and provide housing and welfare*) - risked creating further dividing lines. Indeed, as Watson argues, the ‘victims’ of the sub-prime crisis who received the most attention, especially in the UK, were the *responsible* borrowers, prudent mortgage holders, ensuring their welfare. For them the trauma was most vividly felt in the long and seemingly inexorable decline of house prices. In this way, a crisis of financial citizenship was read into declining asset prices, not subject positions. Thus, the traumatic discourse of the sub-prime crisis centred very 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. 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 deviance. These people were NINJAs, exotic others, an example of finance gone mad, the IMF even referred to whole practice of sub-prime lending as ‘seriously delinquent finance’ (Dodd, 2007). This occurred, despite the genuine economic and egalitarian arguments that can be mustered to support the extension of home ownership to the lowest income groups. Likewise, as Mat Watson alludes to, at the same time there was a palpable and ongoing affirmation of the prime borrower. In terms of trauma then, the subprime 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. Indeed, as Fassin and Recthman (2009: 284) argue:

Rather than a clinical reality, trauma today is a moral judgement. [...] more a feature of the moral landscape serving to identify legitimate victims than it is a diagnostic category which at most reinforces that legitimacy. It speaks of the painful link that connects the present to the past. It identifies complaints as justified and causes as just. Ultimately, it defines the empirical way in which contemporary societies problematize the meaning of their moral responsibility in relation to the distress of the world.

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 simply breathtaking. Mortgage repayments were guaranteed, the interest rate and the bank of England was brought down to a staggering 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, there was a reduction of stamp duty, etc.

Returning to Agamben, we stress the central political significance of the movement between subject positions. By identifying so squarely with the victims, the very response to the traumatic event of sub-prime, acted to shore up the status of financial citizenship still further. In Pupavac's terms, traumatised financial subjects were to be protected 'by' the intervention of sovereign power, not 'from' it. Any discussion of de-financialisation is therefore undermined. The home was, is and will remain, of significance as a financial investment, a welfare scheme. Liberal financial subjects find their recovery has further cemented their position as elements of the sovereign power of normal finance to be secured.

Conclusion

One of the implications of the financialisation of everyday life is that everyday subject positions become an increasingly salient component of the operation of global finance. Rather than interrupting the process of governing liberal financial subjects, the sub-prime crisis demonstrated the evolving contours of an ever more entrenched and secure set of arrangements. The discourse of the subprime 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 argued that this was achieved through overlapping processes of de-subjectification to construct bare life, and the subsequent enfolding and securing of liberal financial subjects. The apparatus 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 that certain subjects benefited at the expense of others. But rather, that the movement between subject positions was itself the act of governance par excellence.

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