Personal Debt, Cognitive Delinquency and Techniques of Governmentality: Neoliberal Constructions of Financial Inadequacy in the UK

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ABSTRACT

In the UK in recent years, there has been a considerable and sustained increase in both levels of personal debt and over-indebtedness. This commentary argues that recent UK policy formulation on personal debt management has sidelined problematic macroscopic political and economic changes by locating personal debt as a problem of individual financial incompetence. Through specific institutions, tools, techniques and practices, certain configurations of people in debt have been rendered knowable and changeable. In doing so, public policies that have brought about a greater need for a greater number of people to rely on personal debt remain largely beyond public view and have instead been reconstituted as problems of access to financial capability training. Copyright © 2011 John Wiley & Sons, Ltd.

Key words: personal debt; neoliberal; governmentality; finance skills

EXPERIENCES OF PERSONAL DEBT

Social scientists and practitioners concerned with problems of suffering and mental well-being have found a multitude of ways in which to rhetorically configure and reconfigure lived experience in such a way as to make knowable very different versions of social events. More often than not, our discursive labour has displayed a tendency to parse these lived experiences into modes of practice that complement our disciplinary identities, histories of thinking and training. Hence, concerns about subjectivity and suffering tend to exist within ‘psychology’ or ‘sociology’ or ‘cultural studies’ or ‘medicine’ and are reproduced using the theoretical apparatus and regimes of conceptual authority attendant within such disciplines. Indeed, Miller and Rose (2008, 5) have articulated ‘...little engineers of the human soul and their mundane knowledges’ whose ‘...very separation of personal, social and economic lives should be seen as a historical achievement’ (2008, 13).

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In this commentary, I will enthusiastically reject this dubious historical achievement by arguing that a sufficiently nuanced account of the trajectories of subjective suffering that are so intimately coupled with experiences of personal debt requires an interdisciplinary focus. I will outline the clear and growing problem of personal debt in the UK and will provide an approach to understanding this problem that refutes traditional ways of knowing personal debt as an issue of poor money management. In this commentary, I will reflect on some ways in which international practices of economic management are being increasingly replaced with disciplining neoliberal discourses of self-regulating financial incompetence, recklessness and cognitive delinquency.

There appears to be a growing consensus from medical and mainstream psychological science practitioners that experiences of over-indebtedness and financial strain are conclusively associated with mental health problems, distress and suffering (Drentea & Lavrakas, 2000; Fitch, Simpson, Collard, & Teasdale, 2007; Hintikka et al., 1998; Jenkins et al., 2008). This is of particular relevance since the UK is currently experiencing a boom in household debt. Twelve million British people currently describe themselves as ‘struggling to cope with their monthly bills’, and 64% of people on annual incomes of less than £9500 now experience problem debt (Department of Trade and Industry, 2005). The average household debt in the UK is £9180 (£58,290 with mortgages included), and 9300 new debt problems are dealt with daily by the Citizen’s Advice Bureau (Creditaction, 2009). Moreover, from 1993 to 2009, there has been a steady increase in total credit card debt and total consumer lending and mortgage arrears have been rising since 2004 (Ford & Wallace, 2009). Indeed Mervyn King, the incumbent governor of the Bank of England, has noted that this spiraling consumer debt represents the materialization of ‘a potentially large social problem’ (MarketWatch: Financial Services, 2006, 5).

PERSONAL DEBT AS AN EXPRESSION OF NEOLIBERAL ECONOMIC POLICY

In this commentary, globalization is postulated as the global expression of neoliberal political practices. Miller and Rose’s (2008) reworking of Foucault’s conception of governmentality is useful in this context as it allows us to draw on the conceptual apparatus of political rationalities and technologies of government. Neoliberalism is here represented as a political rationality; that is, a style of thinking that is given form by varying technologies of governance and performance. These include ‘assemblages of persons, techniques, institutions, and instruments for the conducting of conduct’ (Miller & Rose, 2008, 16). Neoliberal rationalities of government consist of a number of ideologically coherent political precepts drawn together by a fundamental belief in the superiority of the free market over intervention by the apparatuses of state. Collectively, they are predicated on a reconfiguration of the social as both an individual and economic entity.

Recent practices of neoliberal political and economic management in the UK have led to the inflation of personal debt, largely as a result of a prolonged downward pressure on wages, persistent low interest rates, and changes in credit and housing markets. According to Turner (2008), the considerable increase in personal debt has worked to combat rising unemployment and recession. In recent years, the growth of the UK economy has been sustained by consumer spending pinned against record levels of personal debt, which was secured by record high house prices, and Griffiths (2007) suggests that policy makers have abrogated their responsibility for the growth in consumer debt. In the UK, there has been a steady increase in the ratio of average house price to average earnings of 3.14 in
1998 to 5.86 in 2007 (Chamberlin, 2009). As such, it is becoming increasingly possible to get by without relying on personal debt.

In this context, it is perhaps unsurprising that a growing body of recent work has posited the experiences of many indebted people as logical responses to their increasingly difficult economic positions; the result of vulnerability stemming from enforced and often unknowable life events and from necessity as opposed to choice (Ben-Galim & Lanning, 2010; Marmot, 2010). Dearden, Goode, Whitfield and Cox (2010) suggest that rather than resulting from widespread profligate use of credit to acquire material items, problematic personal debt arises from a persistent disparity between income and expenditure, insecure labour market experiences and the financial impact of normal life events.

However, this work has not been reflected in recent policy on UK personal debt. Nor has it been reflected in recent mainstream psychological research where over-indebtedness is largely understood as a product of fecklessness, financial incompetence or an inability to delay gratification (Webley & Nyhus, 2001). The policy solutions to the ‘problem’ of over-indebtedness have been clear both in their individualistic locus of action and responsibility. Multiple UK policy documents of recent years have reproduced very specific ways of knowing both the people who are in debt and the reasons that they are in debt. Personal debt has largely been construed as a product of problematic individual conduct requiring specific sets of techniques and instruments in order that it can be acted upon (Miller & Rose, 2008).

TECHNOLOGIES OF DEBT AND COGNITIVE DELINQUENCY

The professional language of politicians has traditionally played a key role in shaping public beliefs about what forms of behaviour are acceptable. This is particularly the case with shared representations of poverty (Edelman, 1977). Once made, the ‘definition of an issue as political or private in character is typically accepted by people who are not directly affected’ (Edelman, 1977, 120) and indeed many who are. The personal inadequacies and delinquency of the poor are frequently presented as changeable through their own behavior following governmental and professional rewards and punishments. Such an understanding of poverty is compatible with the prominent western ‘Just World’ discourse which reinforces the notion that people get what they deserve in life. This discourse enables citizens to confront their world as stable and orderly (Furnham & Procter, 1989), and its functional utility has allowed it to be retained and socialized in succeeding generations (Harper, 1991, 2003). Such dubious understandings of poverty are reflected in the beliefs of the majority of US people who have been shown to hold poor people responsible for their poverty (Gilens, 1999; Feagin, 1972).

The categorisation of problems of poverty and debt as dispositional legitimises the power of specialised authorities to deal with them (Edelman, 1977, 138). This ethos can clearly be seen in recent UK government debt policy. A key strategic priority is to ‘increase levels of financial capability and awareness alongside more transparent financial literature so individuals can take control of their finances’ (Department of Trade and Industry, 2006, 11). Those ‘lacking essential financial skills, including the ability to budget sensibly, may over-commit themselves by taking on excessive debts’ (Department for Work and Pensions, 2007), and so there is a need to equip ‘people with the capability to make savings decisions, promoting access to savings opportunities’ (Department for Work
and Pensions, 2007, 39). Here, the particular problem of over-indebtedness is configured as one that has an individual aetiology in the cognitive capabilities of the certain credit users.

The focus on what Wacquant (2009) calls ‘cognitive delinquency’ is not new and has been reproduced in discourses implicit in the governance of employment (Walker & Fincham, 2010), female sexuality (Gill, 2008) and mental health (Teghtsoonian, 2009). These discourses have configured the neoliberal subject as an autonomous agent who should be both capable of, and motivated to, narrate their life stories (Gill, 2008). In the documentation above, peoples’ financial difficulties are not the product of top down, politically mediated, economic mismanagement and political practices of debt sustenance. Rather, their difficulties have arisen from a failure to financially self-regulate. Such a reading reproduces the just world discourse where suffering accrues in relation to the dispositional flaws of the individual.

Following this, the necessary way to govern a failure to financially self-regulate is analogous to recent practices of psychiatric ‘responsibilization’ (Terkelsen, 2009). Through a strong emphasis on pedagogy, that is, teaching people to be responsible for their problems, conduct is conducted through techniques of classification, examination and the teaching of future self-repair. Techniques of performance are required that can measure and make real the extent of such financial incompetence and trained experts to deliver the educatory panacea through which subjects can reconnect with ‘proper’ ways in which to live indebted lives.

A cursory appraisal of recent government literature evidences multiple techniques of performance and governance that facilitate this practice of responsibilization. Through the National Strategy on Financial Capability, there was the launch of the ‘Debt test’ tool in January 2006 on the BBC and FSA websites. Here, consumers can identify whether they are likely to get into trouble with their borrowing over the following year or so, and it provides access to information to help them think about the next steps (Department for Work and Pensions, 2007, 46). The workplace stream of the National Strategy for Financial Capability delivers ‘Make the Most of Your Money’ information booklets and educational seminars – or an interactive disk-based alternative where seminars are impractical – to employees in the workplace. The aim is that by 2011, four million employees will have received financial information through their workplace (Department for Work and Pensions, 2007, p47). Moreover, the Financial Inclusion Fund of £45 m has been allocated for the provision of free face-to-face debt advice in England and Wales. This has now been extended by another £85 m until April 2011 (Department for Business Innovation & Skill, 2009).

A further objective outlined in 2006 (Department of Trade and Industry, 2006) was aimed at embedding financial capability in the education curriculum as a functional component of GCSE Maths in England (Department of Trade and Industry, 2006). A recent government press release (DCSF, 3/1/2010) stated that all children will now learn about debt and money management. Five- to seven-year-olds will be taught to identify different coins and notes and how to save money in a piggybank. Seven- to eleven-year-olds learn about managing a bank account and budgeting. Eleven- to fourteen-year-olds will receive lessons on credit cards, mortgages and managing personal finances, including paying household bills. Fourteen- to sixteen-year-olds will explore how money problems can impact on people as well as learning about debt and effective budgeting skills. Such embedding will, one assumes, require that teachers are central in the training of financially
self-regulating citizens and, in doing so, use their considerable authority to reproduce specific ways of thinking about debt and indebted people.

In the UK, multiple actors, agencies and their technologies have formed a combined network to produce a particular configuration of problem debt and the ways to address it. Moreover, such activity has its roots in historical practices of presenting problems of politics and economics as the dispositional weaknesses of those experiencing poverty (Edelman, 1977; Feagin, 1972). In the case of personal debt, policy developers, academics, third sector and statutory sector purveyors of financial self-regulation and teachers perpetuate cultures of practice that produce the financially self-regulating neoliberal subject. In so doing, problematic neoliberal policy is transformed into the individual failings of feckless, irresponsible citizens through various technologies of performance and governance.

CONCLUDING THOUGHTS

Foucault noted that the subject was ‘...the constitutive product of a plurality of disciplinary mechanisms, techniques of surveillance and power–knowledge strategies’ (Knights, & Willmott, 1989, p549). Such a conception of subjecthood allows a recognition of the way that identity work has become manifest through numerous instruments and techniques of governmentality. The growing problem of personal debt in the UK needs to be considered beyond the discourse of poor money management. It is only through understanding ideology (Harper, 2003) and the complex social systems that produce how we know people in poverty that we can begin to replace an individualised gaze with an understanding of poverty as a collective trauma.

Recent practices of political and economic governance in the UK suggest that personal debt has arisen largely as a result of structural changes in employment, credit and housing markets. However, specific rhetorical configurations of over-indebtedness have made invisible the socio-political and the economic in public narratives of personal debt. The teaching of financial capability and the provision of debt advice to ‘cure’ the problem of cognitive financial delinquency are unlikely to prove to be sustainable solutions to a politically and economically mediated crisis.

REFERENCES


