Performing the Sub-Prime Crisis: Trauma and the Financial Event

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The article provides a critical analysis of the performative effects of invocations of trauma and traumatic imagery during the sub-prime crisis. We develop a pragmatic approach to performativity that foregrounds the ambiguity between the importance of performative utterances, on the one hand, and overlapping performativities that produce subjects capable of “hearing” such utterances, on the other. We argue that a performative effect of the traumatic narrative of the sub-prime crisis was to constitute it as “an event” with traumatic characteristics. Financial subjects came to anticipate the object of financial salvation through intervention to save the banks; and such a view worked to curtail the range of political possibilities that were thinkable. Lines of pragmatic resistance are suggested, which turn the logic of trauma toward broadly progressive ends. In this way, the political dimension of performativity is brought forward: if finance is performative, then this only invites the question of how we might perform it differently.

The subprime crisis that began in the summer of 2007 may rank as one of the most traumatic global developments since World War II. (Sinclair 2010:100)

Financial Tsunami: The End of The World As We Knew It. (Engdahl 2008)

Recent years have seen a growth of interest in the concept of performativity within IPE and related subject fields (Clark, Thrift, and Tickell 2004; Callon and Muniesa 2005; de Goede 2005; Mackenzie 2005, 2006, 2007; Holmes 2009; Millo and Mackenzie 2009; Watson 2009a; Langley 2010). Despite variations in approach, the basic proposition of the concept is that the use and extension of certain types of knowledge has a constitutive effect: markets are enacted, and financial subjects are produced through discursive repetition.

In this article, we trace a line between “thinner” versions of the concept, most closely associated with J. L. Austin’s notion of “self actualizing” statements, through to thicker versions that draw more directly from Judith Butler (1993:2) and her (related) idea that performativity operates through the “reiterative power of discourse to produce the phenomena that it regulates and constrains.” At the heart of the conceptual discussion of performativity, we identify an essential ambiguity between the importance/centrality of performative utterances, on the one hand, and the role of overlapping performativities that culturally produce subjects capable of “hearing” such utterances, on the other. Rather

1 We thank several people for helpful comments at various stages in the development of this article, including Matthew Watson, Christopher Holmes, Nick Vaughan-Williams, Lena Rethel, and Chris Rogers. Matthew Watson deserves particular mention for his, as ever, incredibly supportive and inspirational engagements from the earliest stages of writing. We also thank the Editors and two anonymous reviewers. Any mistakes or errors belong to us.
than seeking to “take sides” on this dilemma, our aim is to extend a particular and pragmatic reading of performativity.

We return to Austin in order to suggest that there is far more uncertainty and ambiguity contained within his approach than might be expected. We therefore seek to render this uncertainty in a complementary line with the thicker notion of performativity associated with Butler by reading it through the prism of the nascent work on cultural political economy. For us, at least, any tensions that might remain once these approaches are brought together are, constructively speaking, creative. So it is not a question of isolating either particular speech acts/knowledge claims or developing detailed histories of the cultural production of the financial subject. Rather, the question is how to retain a pragmatic sensitivity to the contingency, malleability, and indeterminacy of each such that we can improve our political “judgments” in context.

In order to locate our theoretical discussion of performativity, we turn to the question of how the sub-prime crisis came to be depicted via a range of traumatic imagery, including most prevalently metaphors of a “financial tsunami” (see inter alia Brown 2008; Mason 2008; Woods 2009). We ask: what was the performative effect of widespread invocations of traumatic imagery across media, policy, and academic discourses of the sub-prime crisis? And how did such a performative relationship emerge? Developing from our theoretical discussion, the “how” part of this question necessitates a reflexive understanding of the cultural production of knowledge about trauma combined with an awareness of how performative utterances of trauma overlapped with—and (re-)produced—particular financial subjectivities.

References to trauma and the traumatic event clearly brought a sense of urgency to the discussion of sub-prime that is commonly associated with studies of crisis in finance. But such metaphors 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” (see also Brasset and Vaughan-Williams 2012).2 The traumatic qualities and characteristics of this “event” can be found in media portrayals that represented it in terms of shock, devastation, anxiety, fear, anger, and shame (Widmaier 2010). Emotional categories were echoed in policy discourses that sought to address the “financial tsunami” that was threatening to engulf the world economy; as something we had a duty to respond to, but also to anticipate through the construction of “early warning systems” (Brown 2008).

A performative effect of the traumatic narrative of the sub-prime crisis was to constitute it as “an event” with traumatic characteristics. For us, this is deeply problematic and worthy of critique given that, to the extent the sub-prime crisis was an “event,” it was not a major disaster and did not entail a (sudden) loss of life. In political terms, the daily repetition of performative utterances of the sub-prime crisis as a singular traumatic event with “helpless victims,” that is, savers and homeowners who needed to be saved, and potential perpetrators, the “greedy bankers” or “irresponsible borrowers,” meant it was possible for a set of otherwise controversial “responses” to receive widespread legitimation. In short, financial subjects came to anticipate the object of financial salvation through intervention and, we argue, such a performance radically curtailed the range of available questions and possibilities on offer at the time.

Discussion proceeds in four stages. In the first section, we introduce recent interest in performativity in IPE and make the case for extending the concept so that we can then, in the second and third sections, provide an account of the

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2As an indication of the time span involved in the emergence of the sub-prime crisis, see BBC News (2008a).
A Pragmatic Approach to Performative Finance

Paul Langley (2010:73) argues that “[p]erformativity has emerged as perhaps the key concept in research that seeks to understand the ways, and extent to which, actions and behaviors become ‘disentangled’ from their sociality in the process of qualifying as economic and becoming included in ‘the market’.” While the concept of performativity is now popular in the journals of IPE (see inter alia de Goede 2003; Hardie and Mackenzie 2007; Holmes 2009; Langley 2010; Mackenzie 2005; Watson 2009a), there is little agreement on either its definition or its place within broader theoretical debates. In this sense, while we hereby identify “thin” and “thick” versions of performativity, these are merely heuristics for developing our observations and argument.

Like many political concepts, performativity has a wide range of interpretations that have been further re-interpreted as it has travelled. Within IPE, some scholars prefer to take a pared down concept of performativity, more in line with Austin’s idea of self-actualizing statements. In this understanding, the statement “I thee wed” performs the social function of marriage in the heads and hearts of the happy couple and congregation. However, others take a less linguistic view that looks at how performativity relates to some combination of repetition, discursive production, and social spectacle. In this sense, performativity can be related to notions of theatrical performance: the idea that “the subject” is part of a dramatic ensemble of narratives, actors, and staging. While for Austin the performative “could be both a noun or adjective, and its meaning was specialized and technical,” for a wider theory of performance, it is “used adjectively and quite generally to denote the performance aspect of any object or practice under consideration” (Loxley 2007:140).

One of Austin’s (1975:3 emphasis in original) central contributions is the insight that “the uttering of the sentence is, or is part of, the doing of an action, which... would not normally be described as, or as ‘just,’ saying something.” He explains that to utter such sentences “is not to describe my doing of what I should be said in so uttering to be doing or to state that I am doing it; it is to do it” (Austin 1975:6; emphasis in original). Austin (1975:100) thus makes a distinction between the force of an utterance and the meaning of words. The former refers to the illocutionary act being performed by the uttering of the utterance while the latter refers to meaning as equivalent to the “sense and reference” (Austin 1975:100). This leads Austin (1975:139, emphasis in original) to suggest that “[o]nce we realize that what we have to study is not the sentence but the issuing of an utterance in a speech-situation, there can hardly be any longer a possibility of not seeing that stating is performing an act.”

A key example of this line of thinking can be found in the work of Donald MacKenzie. His foundational argument is that: “[t]o claim that economics is performative is to argue that it does things, rather than simply describing (with greater or lesser degrees of accuracy) an external reality that is not affected by economics” (MacKenzie 2007:54, emphasis in original). Such a perspective also
draws on the work of Callon (1998:2) who seeks to defend the notion that “economics, in the broad sense of the term, performs, shapes and formats the economy, rather than observing how it functions.” On the whole, this type of work invokes the concept of performativity in order to explore the impact of academic economic ideas on the way in which market structures are institutionalized. The aim is usually to chart how “acting upon the assumptions of [particular] economic models serves to create exactly the conditions that the models assume” (Watson 2007:65). In his empirical work, this leads Mackenzie (2006:265) to maintain a focus on what he calls the “simplifying concepts” and the “material means of calculation” used to explain complex markets.

However, this is not to say that it is straightforward to make the link between Austin and the contemporary interest in performativity within IPE. In fact, Mackenzie (2007:69) is reluctant to rely solely on the Austinian version of performativity because, as he points out, a problem with analyzing performative utterances using only a linguistic philosophy developed from Austin is that it is to treat them in some sense as “magic.” This follows Bourdieu’s (cited in Mackenzie 2007:69) critique of Austin’s notion of performativity, which he claims does not capture the way in which the “conditions of felicity” of a performative utterance “are social conditions.” That is, the social context in which an utterance is performed is crucial in determining the success of any given performance, which Mackenzie (2007:69) believes is not fully developed by Austin.

Nevertheless, we would suggest that contemporary IPE research can still draw from Austinian performativity, especially if adequate attention is given to the contingent nature of the contextual conditions of the performative utterance. Indeed, Austin (1975:31) explicitly points to the unstable nature of performatives because “[i]t is inherent in the nature of any procedure that the limits of its applicability, and therewith, of course, the ‘precise’ definition of the procedure, will remain vague.” He further suggests that “[t]here will always occur difficult or marginal cases where nothing in the previous history of a conventional procedure will decide conclusively whether such a procedure is or is not correctly applied to such a case” (Austin 1975:31). In other words, Austin’s conceptualization of performative utterances contains a degree of uncertainty surrounding their composition. Rather than viewing this as a flaw, however, we would argue that it appears to open space for a critical line of thinking about the construction of subjectivities.

Just as Austin’s notion of performativity involves contingency and the local construction of knowledge, recent research agendas associated with other forms of cultural economy look to the ambiguity of key concepts and categories. For example, Rob Aitken (2005:336) is concerned with developing “more historically situated accounts of finance and the spaces it fills” by analyzing the “cultural” programs developed by the NYSE in the postwar period to broaden share-ownership among working and middle class populations. As such, cultural economy aims to interrogate the cultural construction of the economy by treating “the economic” as a “site constituted in a range of practices, knowledge, and discourses” (Aitken 2005:339). More recently, Langley (2008a:472) suggests that, rather than assuming “unscrupulous” or “predatory” agency on behalf of sub-prime lenders in the run up to the recent financial crisis, a cultural economy perspective is “predisposed to ask how the historically specific agency of sub-prime lending came to be assembled.”

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3Elsewhere Austin (1975:76) points out: “The trouble about all these devices [that discriminate between the success/failure of a performative utterance] has been principally their vagueness of meaning and uncertainty of sure reception, but there is also probably some positive inadequacy in them for dealing with anything like the complexity of the field of actions which we perform with words.”
This growing interest in various forms of cultural economy might constitute a means of utilizing and developing the concept of performativity in IPE to foster greater awareness of the importance of language and the notion that concept/knowledge production is intertwined with its subject matter. But a key challenge for thinking about performativity in IPE is to ask which performative relationship is the central question. Is it particular knowledge claims (as MacKenzie might have it)? Or is it the complex layers of cultural performativity that render societies/individuals receptive to the performance of such knowledge (as Langley might have it)? We see this as a genuine dilemma entailed in the concept of performativity, perhaps inherent in Austin’s original formulation. To illustrate, it would be difficult to imagine a critical account of the performance of gender that took only theories of gender as its subject of analysis, at the expense of, say, fashion, media, religion, and so on. They are both at work as overlapping and (potentially) mutually reinforcing performativities. So while the financial subject may well be a product of certain ‘disciplinary numbers’—in the guise of credit ratings and the exigencies of asset-based welfare—they are also people with lived experiences, fragilities, TVs, children, and financial products. As Langley (2008b:33) has it, ‘‘[t]he everyday financial subject positions that we wish to explore are dynamic and multiple—including, for example, ‘investors’ and ‘mortgagors’—and also coexist with economic and non-economic subject positions such as ‘worker,’ ‘consumer,’ ‘father,’ and ‘mother’.’’

Although only roughly sketched here, the overlaps between Austinian performatives and cultural economy perspectives seem to be significant as they reveal something of the fixity and flow of contingent social conditions recognized to be a crucial problematic for contemporary IPE. Continuing along this spectrum, a thicker definition of performativity, itself partly influenced by Austin, can be drawn from Butler (1993:2) who defines it as: the ‘reiterative power of discourse to produce the phenomena that it regulates and constrains.’ Butler breaks with the idea of an autonomous agent capable of voluntarily making performative utterances since this overlooks the way agents are themselves a product of ongoing layers of performativity. She thus introduces a deep reciprocity between the subject and the performative:

I originally took my clue on how to read the performativity of gender from Jacques Derrida’s reading of Kafka’s ‘Before the Law.’ There the one who waits for the law, sits before the door of the law, attributes a certain force to the law for which one waits. The anticipation of the authoritative disclosure of meaning is the means by which that authority is attributed and installed: the anticipation conjures its object. (Butler 2006:xv)

On this view, going beyond the link between financial knowledge and finance is not merely about adding a list of (cultural) factors to be considered, but rather to suggest that it is the dynamic interaction between subjects and finance that requires scrutiny. In many ways, this is a liberating approach that offers up new mechanisms for developing precisely the kinds of interventions in which we are interested. Developing upon the cultural dimensions of thick performativity, for instance, there is ample room to consider the role of non-financial discourses, like trauma, but also, say, entrepreneurialism and resilience (O’Malley 2010), in the performance of financial subjects. However, to the extent that we find much inspiration within thicker notions of performativity, we also seek to retain a pragmatic position that is potentially more comfortable with the notion of contingent engagement.

There is a dilemma for reform at the heart of Butlerian performativity that further exemplifies the essential ambiguity within the concept. Butler’s near disavowal of agency (that is, because the concept of agency is always-already
performative) creates a paradox for thinking about intervention. In so fully embracing the overlapping and mutually re-enforcing nature of performativities, Butler sometimes evidences a political ambiguity, shifting between a hyper-voluntarism, on the one hand, that suggests we are always performing and therefore always able to subvert, and a radical curtailment of the possibilities for resistance on the other, since there is arguably nothing outside performativity. To quote Moya Lloyd:

The lack of clarity about how a performance is to be understood leads to a paradoxical position. Since the performative produces that which it names, and since gender is understood in performative terms as the effect of the intersection of discourses and practices of gender, and since these discourses and practices also underpin performances, it suggests that performance is itself performative. The distinction seems to be of little help. Indeed it raises more questions than it answers. [...] What is occluded, as a consequence, is the space within which performance occurs, the others involved in or implicated by the production, and how they receive and interpret what they see. The possibility for continual resignification immanent to performativity hides the fact that not all resignifications are pertinent or efficacious politically; indeed they are highly contingent. Only some performances in some contexts can impel categorical re-thinking. (1999:209–210, emphasis added)

From a pragmatic perspective, we require not the clarification of the concept of performativity as such, but rather an emphasis on the contextual, cultural, and historical judgment required to understand and engage particular performative utterances, in particular times and places. For these reasons, we endorse the (more comfortably) contingent and experimental approaches of pragmatism associated with Austin, but also authors such as, among others, Quentin Skinner and Richard Rorty. These authors bring forward the important point that in recognizing historicity an ethical responsibility arises. For Skinner (1969:52–53),

the classic texts, especially in social, ethical, and political thought, help to reveal—if we let them—not the essential sameness, but rather the essential variety of viable moral assumptions and political commitments... [a] knowledge of the history of such ideas can then serve to show the extent to which those features of our own arrangements which we may be disposed to accept as traditional or even "timeless" truths may in fact be the merest contingencies of our peculiar history and social structure.

Thus, for Skinner (1969:53 emphasis added): “to learn from the past—and we cannot otherwise learn it at all—the distinction between what is necessary and what is the product merely of our own contingent arrangements, is to learn the key to self-awareness itself.”

The value of Skinner’s notion of self-awareness can be further developed with reference to the work of Rorty (1989). For him, a recognition that the world we encounter and the vocabularies we use to describe it are contingency all the way down is only a reminder to draw upon and develop upon those contingencies that might reduce cruelty and suffering, the ethical is foregrounded. So, for instance, while liberalism may well be the product of western bourgeois capitalism at a certain point in history, Rorty regards such contingency as an

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Footnote: For example, Carole Spary (2010) engages with the historical and institutional context of the performance of parliamentary disruptions in India. Spary argues that disruptions are crucial elements in the “ritualization” of Indian politics, which render the performativity of deliberation in terms of both the procedural issues of any given disruption and the wider concerns of deliberation and representation (spanning parliament, the media, as well as the corporeal and the sensational). In this sense, performativity is always-already contextual; engagement can only ever be contingent.
invitation to see such values as ongoing inventions, always-already fallible, always-already improvable. In this context, and accepting the genuine dilemmas raised in the discussion of performativity, we therefore seek to develop the pragmatic inclination to embrace the contingent individuated agency of contemporary financial subjects (and indeed of academics), as well as to engage the chance exposures of political dilemmas and contests (within their historicity) as a productive route forward (Brassett 2010).

Trauma and the Event

A notable component of the media, policy, and academic discourse of the subprime crisis was a general sense that whatever we were witnessing was a massive and unexpected traumatic event (Sinclair 2010). As Ngaire Woods (2009 emphasis added) proclaimed, “[j]ust 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.” Beyond the somewhat traditional crisis narratives of size and speed, the sub-prime crisis was also often expressed in terms of a natural disaster, with many commentators referring to the “financial tsunami” that was spreading across the world. Gordon Brown (2008) called for a global “early warning system” akin to those that were proposed for (actual) tsunamis only a few years previously, seeking a new Bretton Woods with an IMF that offers “by its surveillance of every economy, an early warning system and a crisis prevention mechanism for the whole world.” In this sense, attempts to manage the sub-prime crisis echoed wider systems of disaster response now prevalent in global politics (Brassett and Vaughan-Williams 2012).

Discourses of unexpected traumatic events, early warning systems, and so forth require some engagement, we think, since ultimately the declining value of financial assets is not the same thing as a tsunami. Developing from our theoretical discussion in the previous section, our suggestion is that utterances relating to trauma do something, that is, they perform knowledge about trauma, but they also require (or contingently succeed within) a context—or as Austin (1975:9) would have it, the “appropriate… circumstances” for their acceptance. By focusing on knowledge about trauma, then, we clearly echo aspects of MacKenzie’s approach that holds that knowledge constitutes reality. However, in line with our pragmatic turn to the cultural, we argue that the production of such knowledge is, at the same time, a process of social interaction.

Event/Subject/Response: The Trauma Narrative

In our everyday lives, any of us can have an experience that is overwhelming, frightening, and beyond our control. We could find ourselves in a car crash, be the victim of an assault, or see an accident. Police, fire brigade or ambulance workers are more likely to have such experiences—they often have to deal with horrifying scenes. Soldiers may be shot or blown up, and see friends killed or injured. Most people, in time, get over experiences like this without needing help. In some people, though, traumatic experiences set off a reaction that can last for many months or years. This is called Post-traumatic Stress Disorder, or PTSD for short. (Royal College of Psychiatrists 2011)

Knowledge about trauma rests upon the construction of an intimate relationship between the individual and the “traumatic” event. What we might term the “trauma narrative” has steadily moved beyond zones of expert psychiatric knowledge to inform aspects of what one critical theorist refers to as “therapy culture”
(Furedi 2004). In particular, trauma is increasingly coming to occupy the position of an acceptable mainstream discourse for mediating major events and catastrophes (Pupavac 2001).

The trauma narrative presents human ethics as a question of individual and collective agency in direct relation to an extreme event: a situation where our life or the life of someone close to us is threatened in some uncontrollable way. Certain reactions—fear, anger, guilt, shame, avoidance—are expected. Certain responses—sympathy, solidarity, bearing witness, memorialization—are promoted. This narrative can be used and deployed across a range of subjects and issues within global politics; from mass disasters, through terrorist attacks, to personal tragedy. As Didier Fassin and Richard Rechtman (2009:284) conclude:

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.

It is this generality that renders it so promising: by deploying the trauma narrative, an ethical concern for individual and collective suffering finds common cause with institutions and actors, translating into a viable political project (often in a matter of hours). One possibility that the trauma narrative presents therefore is the idea of rapid and credible response. Indeed, humanitarian NGOs have emplaced trauma as a central motif of disaster responses.

However, such generality can also be associated with particular limits. First, the particular and positivist understanding of trauma has been generalized as a universal condition: trauma and traumatization are defined as the “normal” response to catastrophe (Fassin 2008). As many cultural ethnographers point out, differences between individuals and across cultures are effaced in this reading. It ignores the way that different people and communities have their own well-established mechanisms for understanding and engaging with what we contingently refer to as “trauma” (Zarowsky 2004). Second, the effect of producing a psychological narrative about individual trauma on a societal scale is that it renders political problems in terms of 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. Indeed, critics have been drawn to the way in which the popularity of therapeutic techniques like “Cognitive Behavioural Therapy” both rely upon and (re)produce particular understandings of the individual in terms of their ability to experience “resilient” responses to traumatic events. On a societal level, it risks effacing the importance of political hierarchies, inequalities, and historical injustices. Politics, in the sense of a contestability of power relations, becomes subsumed within an eventalized conception of the political; that is, identifiable, specific, and time bound.

While knowledge about trauma arguably contains such ethico-political limits, it should be stressed that for the most part, it has been understood more broadly as an important mechanism for understanding and addressing suffering. In this case, specifically, the role of radical political movements, humanitarian NGOs and the growth of disaster management practices are important (see inter alia Fassin and Rechtman 2009; Howell 2011). Trauma has been popular with radical social movements that see it as a vehicle to emplace their particular cause on the political agenda. From its inception, itself partly due to the critical energy generated by Vietnam vets seeking proper compensation and recognition for their plight (Young 1997), the moral power of “victimhood” enshrined in the trauma

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narrative has made it an important strategic discourse for emancipatory groups. In particular, feminist organizations have used it to place rape and child sex abuse on the legal and political horizon. Such campaigns both draw upon and re-signify knowledge about trauma. In this way, they help to normalize the trauma narrative that we read from psychological knowledge while also redeploying it for broadly progressive purposes.

Drawing these points together, there is a sense in which the normalization of the trauma narrative and the entrenchment of the event within discourses of global politics—witness the speed with which national governments act in the face of natural disasters compared to the ongoing grind of global poverty—is fusing to a set of instrumental and managerialist discourses of global governance. As several critical scholars argue, there is coalescence of problem-solving logics overlapping between psychology, disaster management, humanitarianism, and global governance. For instance, Vanessa Pupavac (2001:360) talks about how such overlapping logics can be understood to produce the common sense of “therapeutic governance” in which “politics becomes... about appealing to and regulating the vulnerable id. Under therapeutic governance, rights are being reconceptualized in terms of psychological recognition and custodianship rather than freedoms, that is, as protection by official bodies, rather than protection from official bodies.”

Quintessentially, the past decade alone has been marked by several large-scale, globally mediated, “traumatic events” including the terrorist attacks of 9–11 and 7–7, the 2004 Indian Ocean (“Boxing Day”) Tsunami, and Hurricane Katrina. Such events have been understood, represented, and “governed” according to the logics of therapeutic response. As Frank Furedi (2004:12) argues in the case of 9–11, “[t]here has been an emphasis on perceiving an attack on a nation as an assault on society’s collective and individual mental health.” A primary reference point for American commentators after 9–11 was the invasion of Pearl Harbor, which was produced as a historical precedent of collective pain. Indeed, Furedi (2004:15) argues that in the United States, attention was primarily focused upon the emotional and therapeutic dimensions of the event: “[t]he emotional script communicated was one that also sought to create a sense of unity around a common experience of vulnerability.” Similarly, Fassin and Rechtman (2009:1–3) recount how, in the days following 9–11, an estimated 9,000 mental health specialists intervened to provide counseling for trauma and a number of professional Web sites were set up or modified to deal with the demand for psychological support. They note that this occurred despite a number of surveys indicating that there was no significant increase in levels of PTSD in the population of New York. For them, such contradictions imply a consolidation of the trauma narrative in the popular imagination:

From the literal sense in which the term is used by psychiatrists (a psychological shock) to its metaphorical extension disseminated by the media (a tragic event)... the idea of trauma is thus becoming established as a commonplace of the contemporary world, a shared truth. (Fassin and Rechtman 2009:2)

Performing the Event/Response of the Sub-Prime Crisis

Traumatic Event

A key performative of trauma was the depiction of the sub-prime crisis in terms of disaster. It was variously referred to as “financial tsunami,” like the “eruption of Krakatoa,” or even the “end of the world” (Woods 2009; Mason 2008; Engdahl 2008). In the early days, one economist referred ominously to the
problem of sub-prime as the “tip of the iceberg” (BBC 2007a). One British journalist referred to a “full on financial heart attack” (Legrain 2008). The effect of such performatives can perhaps be read in general terms to invoke a sense that this is something that requires urgent attention; however, we suggest that such performatives went further to constitute the crisis in particular ways.

Indeed, the use of imagery like “tsunami” is interesting because it draws upon common understandings of mass death associated with the 2004 Indian Ocean Tsunami. The implicit suggestion is that the sub-prime crisis was not only an example of the awesome natural power of finance, but also an “event” literally capable of threatening the lives of hundreds of thousands of people. A threatening relationship to people was established: “It is going to be a very challenging task... we’re not going to be able to save everybody” said Sheila Bair, chairman of the Federal Deposit Insurance Corporation (BBC News 2007b). In this way, the performative of “victims” arguably served to individualize the “event.”

In the United Kingdom, attention turned to Northern Rock, and we saw the widely reported “first run on a major bank in the UK” in over a hundred years (Peston 2008a:159). Simultaneously, a national shame was constructed with the individual stories that came flooding forward. 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.5 In this context, a victim of the trauma was constructed, bearing witness to the unexpected tragedy that was befalling them. In keeping with the trauma narrative, we were asked to feel sympathy for innocent victims of sub-prime. But at the same time, a certain moral division emerged between responsible and irresponsible borrowers: “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” (Watson 2009b:433). Thus, as the human interest was evoked through sympathy for victims, so too a degree of blame emerged for the greedy and predatory sub-prime lender (Montgomerie 2008:3). Commentators sought to identify the perpetrators of this traumatic event and as is now well known, they quickly came to focus on the activities of bankers (Widmaier 2010).

However, we would argue that the scope of such blame, in the United Kingdom at least, actually served to further individualize the crisis by directly questioning the role of particular bankers.6 In this way, the anger and animosity, while no doubt a form of critical energy, was itself harnessed to confirm the performative idea that a traumatic event had “happened.” Such anger and blame, then, served to confirm the original performance; that is, the identification of perpetrators to be “blamed” implies that the traumatic event had happened.

In line with Furedi’s notion of an “emotional scrip” that “sought to create a sense of unity around a common experience of vulnerability,” there ensued a generalized reflection upon the predicament that we all found ourselves in. Everyone’s wealth and health, including governments’, was invested in the possibility of an ever-appreciating property market. In a television interview, former Treasury Secretary Henry Paulson (2008) claimed that the United States had “in many ways humiliated [itself] as a nation with some of the problems that have taken place here.” Personal fears could therefore be writ large into a broad sense of doubt about the economic and political settlement in general, its viability and its potential excessive harm. Senator Mel Martinez, then a member of the

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5There are a vast number of examples of stories such as these from the time (for a flavor, see BBC News 2007c).
6For example, a senior Conservative MP attempted to reflect public sentiment by calling on a number of individual senior bankers to resign (BBC News 2008b).
US Banking Committee, told the Financial Crisis Inquiry Commission (2011:372) about a September 2008 meeting with Paulson and Ben Bernanke:

I just remember thinking, you know, Armageddon. The thing that was the most frightening about it is that even with them asking for extraordinary powers, that they were not at all assured that they could prevent the kind of financial disaster that I think really was greater than the Great Depression.

*Therapeutic Response: The Route to Salvation?*

World markets were in a death spiral. (Rawnsley 2010, emphasis added)

The traumatic narrative of the sub-prime crisis established a shocking, unexpected event and quickly wove it to the performance of stories of individual victims, helpless in the tide of this financial tsunami. There was no escaping the effects of the crisis; in the United Kingdom, we witnessed a barrage of stories of how individual lives had been affected around the country. In other words, we would argue, financial subjects came to anticipate the object of finance and financial authority, just at the point when it was most a threat. It was not finance, per se, that had caused the problem, but a traumatic event itself with universal implications.

When the blame game began, a divergence emerged between the channeling of anger in particular at the greed of bankers and a generalized lament about the state of our society. An inner-directed evaluation arguably suggested deeper possibilities for reform. Values came to the fore as the *Financial Times* (2009) ran “The Future of Capitalism” editorial series which asked “what can—and should—replace it?” and even the normally mainstream *Newsnight* began to seriously contemplate the re-organization of global capitalism to prioritize ethics rather than greed (Denman 2008). However, we would suggest that such “responses,” yet again, allowed for the nurturing of the centrality of the “traumatic event” by promoting a form of self-judgment. The layperson viewer who had just got used to the idea that this was a personal crisis, that we should feel both anxious for ourselves and angry at greedy bankers, was asked to contemplate the historical shape and scale of global capitalism. Paul Mason (2009:38 emphasis added) likened the sub-prime crisis to the eruption of Krakatoa, which caused a tsunami killing thousands, observing ominously: “[t]hen comes the volcanic winter: the immediate chilling of the real-world economy, felt from the floors of Chinese export factories to the bars of British pubs.” Indeed, perhaps, just as Pearl Harbor became the historical vantage point from which to view and assess 9–11, so the Wall Street Crash and the Great Depression was performed as the historical mirror point for the sub-prime crisis.

In his widely read BBC blog, Robert Peston (2008b) declared that the sub-prime crisis “can now be classified as the most severe and intractable malfunction of the banking system since the late 1920s.” We were reminded that the Wall Street Crash was so bad that people threw themselves out of buildings (for example, Broad 2008), the Great Depression so severe that thousands in the First

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5The BBC News (2008c) series “Hit by the Crunch in South Yorkshire” is a pertinent example of this kind of individualization of the crisis with the reporting of individual stories of house repossessions, abandoned pets and pubs for sale for one pence.

6Itself a peculiar reminder given that John Kenneth Galbraith (2009:148–150) debunked the “suicide myth” by pointing to how the number of suicides “did not increase sharply either in the months of the crash or in 1929 as a whole, [but] the rate did rise in the later depression years.”
World lived homeless (for example, Reuben 2008). The world historical scale of events became infused to a discussion of “progress,” or lack thereof. Had we in short sold out the promise of modernity by refusing to learn the lessons of the past? In terms of the narrative of trauma, feeling guilt at personal excesses is one thing, but being complicit in selling out the promise of modernity is of a slightly different order. The (modern) world was ending, and we were all quite personally to blame it seemed.

Read as a traumatic narrative, the performance of the sub-prime crisis was very little to do with finance—or least the performativity of financial knowledge. Instead, it was about tsunamis, tidal waves, heart attacks, and death spirals. Although these different metaphors might mobilize a range of quite different emotions, what unites them is the sense of fear and panic they produce: they are traumatic in the sense that they involve the performance of an event where life—and a way of life—is threatened. In the context of the sub-prime crisis, they suggest the helplessness of the victims, the emergence of guilt and shame among “survivors,” the mobilization of anger toward the bankers (that is, away from financial capitalism), and the emergence of world historical gravity that asked whether we had collectively sold out the promise of modernity. The politics of the performativity of sub-prime crisis was less about the repetition of financial knowledge, the iteration of numbers, and the relaying of equilibrium-based theories of price. Instead, we would argue, it was more about the construction of a traumatized financial subject who was in need of help, in need of governance. As Gordon Brown reassured in his podcast on the eve of the recapitalization of the banks: “I want you to know that we are doing this for you.”

Just as Pupavac understands therapeutic governance to involve the rendering of victims as in need of help, requiring “protection by official bodies, rather than protection from official bodies,” so the performance of the traumatic narrative of the sub-prime crisis involved the production of essentially passive and needy financial subjects. In the context of the repetition of traumatic emotions like shock, fear, anger, and shame, we would argue, it was more about the construction of a traumatized financial subject who was in need of help, in need of governance.

Performing the Financial Subject (Differently)

In political terms, the sub-prime crisis could have been a great opportunity. The widespread awareness that decisions in one part of the world directly affect lives in other parts of the world, that our welfare is bound up with a particular form of financialized global capitalism, was a potentially democratizing moment. However, the democratic conversation that ensued was skewed toward an essentially limited conception of what had happened and how to respond. What took center-stage was a particular catastrophic event, in which we may have even played an individual role in creating—and in any case the consequences of which could be seen everywhere—so there was only one conceivable response. While the previous two sections have considered performative utterances of trauma in the context of a more generalized normalization of the trauma narrative, this section looks to the thicker question of how such performatives were successful, in particular by focusing on how financial subjects were conditioned to hear.

Recent work in IPE has highlighted the importance of the performance of financial subject positions (for example, Langley 2008b), which seem to come to
the fore when we start to unpack the logics of the trauma narrative. 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 are performed as the traumatized subjects of the sub-prime crisis. Their emotions are directly appealed to in the narratives that individualize the crisis and legitimize managerialist governance response (for example, the threat of devastation if faith in financial markets is not restored by the state). Moreover, the sub-prime era involved the cultural production of ever greater numbers of these financialized subjects given the spread of such products as interest-only adjustable-rate mortgages which “enabled the inclusion of borrowers as agents within the mortgage and housing markets” (Langley 2008a:479). In the (contingent) context of a rising property market, such “inclusion” seemed all the more necessary given that gaining “a foot on the property ladder” was part of the widespread cultural performance of finance (Langley 2008a:479). Thus, put another way, it is seemingly very much the financialized individual who is the audience for the traumatic narrative of the sub-prime crisis.

Crucially, though, the limits of the trauma narrative we identify concern who is excluded. Who is unable to claim trauma for their cause? Who or what is othered by the trauma narrative? We might, for example, argue that history and imperialism are effaced in the focus on trauma—and specifically the traumatic event. After all, low wage work, unemployment, precarious welfare systems, and massive levels of human poverty and malnutrition all existed before the sub-prime crisis. Yet, questions about these broader socio-structural problems (crises?) become circumvented by the urgency of finding the appropriate response to the traumatic “event” at hand. Indeed, it is remarkable just how little the trauma narrative was contested in media, policy, and academic debates. More attention was directed toward appropriate governance responses to the “traumatic event,” often along the lines of Robert Shiller’s (2008a) “Subprime Solution” which essentially suggested that rather than question securitization, the task was to make it work again.9 Thus, the way in which the trauma narrative served to eventalize the sub-prime crisis was a potent instance of the performative power of finance: it was not finance that was the problem, but a traumatic event that—in threatening (good) financial subjects so directly—demanded certain responses to shore it up.

However, in keeping with our pragmatic interest in intervention, it is important to highlight the manner in which the trauma narrative of the sub-prime crisis might be brought into question. Accepting the contingency of how traumatic narratives are performatively overlaid in moments of financial crisis, one route might be to push this logic to its end point? Writing in the The New York Times, Shiller (2008b) also argued

…it is important to consider the psychological trauma of foreclosure. No one is likely to starve or sleep on the streets as an immediate result of a foreclosure, and the authorities no longer dump a family’s furniture on the sidewalk when it happens. Nonetheless, there is deep trauma. Homeownership is a fundamental part of a sense of belonging to a country. The psychologist William James wrote in 1890 that “a man’s Self is the sum total of all that he can call his, not only his body and his psychic powers, but his clothes and his house, his wife and children, his ancestors and friends, his reputation and works, his lands and horses, and yacht and bank account.” Homeownership is thus an extension of self; if one owns a part of a country, one tends to feel at one with that country. Policy

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9Indeed, even the most critical of the many “commissions” on the sub-prime crisis conducted by Joseph Stiglitz was ultimately concerned with making securitization work better, rather than questioning its role in producing the crisis (UN 2009).
makers around the world have long known that, and hence have supported the growth of homeownership.

Pragmatically speaking, while Shiller’s move is clearly performative of the traumatic narrative, it poses the intriguing suggestion that if losing a home is traumatic, then building lines of accountability might be a key objective of ethical intervention. While many of the arguments in this paper are critical of the unchecked implications of the trauma narrative, not least insofar as they are woven to a straightforward narrative of response, we would also suggest that one implication of a pragmatist approach would be to ask whether there are ways in which the vocabulary of trauma might be re-described in progressive terms.

In terms of rhetoric, we might seek to re-describe elements of the traumatic narrative of the sub-prime crisis to argue that “victims” might require not just rapid humanitarian responses, but also ongoing and long-term support. By adopting the language of “recovery,” rather than blame and shame, it might be argued that social support is required to build trust in order that victims can “move on.” For example, Wharton Finance (2009) used one of its “knowledge podcasts” to re-describe a psychologist’s account of the crisis:

Helping an individual recover from a traumatic experience provides a useful analogy for understanding how to help the economy recover from its own traumatic experience.... The public will need to “hold the perpetrators of the economic disaster responsible and take what actions they can to prevent them from harming the economy again.” In addition, the public will have to see proof that government and business leaders can behave responsibly before they will trust them again.

Equally, by taking the example of political movements in the United States that have sought to “claim” trauma for their cause, could Shiller’s intervention be re-described in emancipatory terms? The re-definition of issues like home foreclosure and unemployment as “a traumatic event” would arguably generate a symbolic, even a legal wedge. If home foreclosure could be defined as traumatic, then “victims” could potentially claim legal compensation in circumstances where it could be proved the process was avoidable. Such a move is clearly problematic in terms of affirming the status of victimhood and potentially encouraging abuse; however, it might represent one pragmatic re-description of the trauma narrative that re-calibrates the balance of agency in relation to the financial event.

Conclusion

In this article, we have sought to highlight two increasingly significant issues that require explicit engagement. First, the widespread popularity of performativity within IPE requires a more sustained set of reflections on the ethical and political implications of different uses of the concept. The central ambiguity that we have sought to “capture” in pragmatic terms speaks of a significant schism between two (partially caricatured) traditions of critical political economy. The first sees performativity as a quality to be tested, where a rigorous and scientific methodology can generate data and knowledge. The second sees performativity as a liberating quality, where alterity and subversion can become centrally included in the discussion of finance. Our suggestion is that each tradition has much to gain from an engagement with the other in terms of working through wider (and older) questions of the relationship between structure and agency, ethics and research. The resolution of these traditions is not desirable or indeed a goal, but a better appreciation of the complexity of what is performative and
how we might perform differently (and why) might take some of the “magic” out of performativity and return it to standard questions of politics and “the political.” Second, while much of the substance of the argument has centered on trauma, we would stop short of suggesting that future events will be relayed as traumatic, or that IPE needs to concern itself more broadly with questions of trauma (albeit we think it was an important element in this particular case). However, we underline that IPE has singularly failed to engage with the emergence of “the event” as a dominant imaginary of global politics. As argued, the eventalization of politics has profound implications for how we conceive of time, space, ethics, and political possibility. For “the event” to operate in finance is to (once again) naturalize finance (including specific relationships between individuals and property, the state, etc.), thus, detracting from broader questions of de-financialization, de-linking, and other alternatives to finance, per se. For instance, ongoing rounds of “debt crises” in the United States and the European Union, in particular, have been adorned with the language of the event—“a Lehman-style event,” “a credit event,” and so on. Maintaining the metaphysical fiction of the financial event, whether narrated in traumatic terms, or indeed, the current buzzword of resilience, allows for the ongoing naturalization of finance as a community of (apparently non-political) individuals in a manner which we think most critical political economists would find problematic.

References


Although we note how Andrew Haldane (2011) continues to extrapolate from the trauma narrative in a recent Bank of England speech when he argued: “Financial trauma, like personal trauma, can increase... detachment from fundamentals.”


