

The Uncertain Subjects of Anglo-American Financialization

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Introduction: You Have Been McWhortled!

Appearing for the first time four months after the terrorist attacks of 9/ 11, the website of McWhortle Enterprises¹ publicized the launch of the Bio-Hazard Alert Detector. The Detector, which “is small enough to slip into a man’s jacket pocket, a woman’s purse or child’s backpack,” was the first product offered by the company to “the general public.” Based upon McWortle’s experience of providing “defense systems” to the “far-flung executives” of “Fortune 500 companies,” the Detector works by sensing “microscopic levels of hazardous bio-organisms and deadly virus organisms.” Owners of a Detector can have considerable “peace of mind,” safe in the knowledge that it “emits an audible beep and flashes when in the presence of all known bio-hazards.” The huge potential market for the Detector and McWhortle’s previous success – as evidenced on its website by customer testimonials and an audio interview with its president Thomas J McWhortle III – led the company to announce an initial public offering (IPO) in a press release of 25th January.² While McWhortle’s stated intention was to file its Registration Statement with the US Securities and Exchange Commission (SEC) five days later in order to enact the IPO, the press release also stressed that “The SEC has advised us that they have ‘pre-approved’ our IPO because the nation needs a product like this on the market as quickly as possible to protect Americans from terrorism.” Those who responded to the press release by trying to invest in McWhortle through the “invest now” section

of its website were told that the IPO was pre-subscribed, but that Stage 2 bidding was still available. However, those who passed through the portal and attempted to participate in Stage 2 bidding were met with the following message: “If you responded to an investment idea like this ... You could get scammed! An investor protection message, bought to you by: the Securities and Exchange Commission.”

McWhortle Enterprises was one of several hoax investment opportunities created as part of an on-going campaign by the SEC’s Office of Investor Education and Assistance. More recent SEC scam sites include a mutual fund called “Old Glory,” a hedge fund called “Guaranteed Returns Diversified, Inc.,” and an investment newsletter called “Seek to Succeed” that features links to range of spurious investment vehicles.³ For the savvy investor, there were limited but highly visible clues that indicated that McWhortle was a sting – for example, the SEC does not “pre-approve” IPOs. Nevertheless, of the 150,000 visitors to McWhortle’s website in the three days following the press release, a good number were McWhortled and clicked the “invest now” option. By January 30th the SEC admitted to the hoax, and SEC Chairman Harvey L. Pitt explained that “What we’re trying to do is warn investors while their guard is down. The next time, when they encounter a real scam, these investors won’t let excitement cloud their better judgment.”⁴

It is the attempt to produce “better judgment” by existing and would-be investors that lies at the heart of not only McWhortle and the other SEC scam sites, but of a wider set of policies and initiatives that are currently being undertaken on both sides of the Atlantic in the name of “financial literacy” and “financial education.” For existing investors, the SEC also provides, for example, a range of brochures and pamphlets, a toll-free telephone line, individual assistance by email,

and an interactive website.⁵ New investors are also targeted, whether in terms of extending pensions provision,⁶ or perhaps most disquieting, in terms of initiatives undertaken in schools such as the No Child Left Behind Act of 2001 and Jump\$tart in the US, and the Personal Finance Education Group's (PFEG) work in the UK. Overall strategic leadership on financial literacy is provided in the UK by the Financial Services Authority (FSA) which, formed in 2000, enacts statutory duties that commit the regulatory body to promote public understanding of the financial system. Meanwhile, in the US, December 2004 saw the establishment of the Financial Literacy and Education Commission (FLEC) under the leadership of the Federal Reserve. FLEC aims to co-ordinate a national strategy across the relevant arms of government. What seems to unite the wide-ranging drive for financial literacy is a common commitment to, at once, empower and discipline the individual to take responsibility for his or her own financial and especially investment decisions.

The humorous but nevertheless illustrative example of McWhortle and financial literacy campaigns more broadly draw our attention to the significance of the assembly of everyday investor identities in contemporary Anglo-American capitalism. The previously settled thrifty saving practices of making deposits in commercial bank accounts and purchasing government bonds have become ruptured. By way of general illustration, 51.9% of US households owned a slice (however meager) of the stock market in 2001, up from 25% in 1987 and only 3% at the time of the Wall Street Crash.⁷ Through portfolios of equity investments built up by applications to privatization schemes, "day trading," and contributions to mutual and pension funds in particular, largely white middle-class individuals and households have come to hold a stake in what post-Keynesian political economists

and neo-Marxist regulation theorists have termed the “financialization” of Anglo-American capitalism.⁸ “Financialization” is typically analyzed by neo-liberal economists and institutional political economists in narrow technical and economic terms as a shift in the balance between financial markets and corporations. Here it is the fetishes of “shareholder value” and “good corporate governance” - and associated corporate practices such as downsizing, contracting out, and share buy-backs - that are held to mark a change in capitalism.⁹ Yet as Froud *et al.* and Boyer remind us, the demands made by mutual and pension funds for corporations to increase dividends and raise share prices are made in the name of the very investors who contribute to the funds.¹⁰ At the same time, and alongside booming house prices and low interest rates, the gains made by investors from the financialization of the economy serve to power further consumer confidence and spending during a period in which wages are stagnating overall.

In this paper, I want to explore how we might begin to understand the making of the everyday investors of Anglo-American financialization. What follows is divided into three main parts. I begin by briefly comparing the post-Keynesian, regulation, Gramscian and Foucauldian conceptual pathways currently being followed within the existing literature that provide contrasting routes into understanding the assembly of everyday investor identities. In different ways, each standpoint tends to cast the subject position of the investor as an identity that is performed in a relatively unproblematic fashion. I argue, however, that the Foucauldian-inspired concept of “governmentality” holds out the potential for illuminating the ambiguities and tensions that vex the making of investor identities, but that up to the present point this potential remains largely under-theorized and

unexplored. The second part of the paper asks how investment comes to be represented, under the terms of neo-liberal governmentality, as essential to the production and reproduction of individual security and freedom. I suggest that investment appears as a technology of the self under neo-liberal programs of government, as discourses call up responsible investor subjects who embrace financial market risk/ reward in the face of cuts in the provision of collective insurance. The third part begins by considering the “investment shortfalls” that are apparent on both sides of the Atlantic. Such shortfalls against the levels of investment that are assumed to be necessary to provide for future security and autonomy suggest, in effect, that the subject position of the investor is not simply occupied by individuals in a straightforward manner. Policy makers have reacted to investment shortfalls with financial literacy campaigns and initiatives that attempt to extend investment practices to those who are currently excluded. I argue, however, that such campaigns and initiatives cannot overcome contradictions present in the processes of identification. Individuals cannot identify with the subject position of the investor to which they are summoned in an unambiguous manner: investment as a technology for the calculating and embracing of financial market risk/ reward fails to bring order to future uncertainty and instead leads to heightened anxiety; and the performance of investment stands in tension with the practices of work and consumption which also appear as essential to securing, advancing and expressing individual freedom in neo-liberal society. In short, everyday investors are necessarily uncertain subjects in Anglo-American financialization.

Financialization and Everyday Investors

In the context of a burgeoning literature on the financialization of Anglo-American capitalism that concerns itself almost exclusively with a transformation in the relationships between the financial and productive economies, post-Keynesian political economists and regulation theorists highlight the importance of everyday investment in the processes of change.¹¹ From these perspectives, the development of everyday investment comes into view as the outcome of largely structural logics. Froud *et al.*, for example, “hypothesise two generic types of capitalism: coupon pool capitalism and productionism,” and argue that financialized or “coupon pool capitalism” is “constituted when ... the capital market moves from intermediation to regulation of firm and household behaviour.”¹² While they are careful to state that financialization does not create “a kind of univocal logic as the power of the capital market inevitably overcomes all resistances,” Froud *et al.* nevertheless argue that “the coupon pool has already been constituted as a regulatory institution” which, it appears, operates in somewhat mechanical terms through the potential and actual returns on household saving.¹³ Not dissimilarly, for Robert Boyer, financialized capitalism is imputed with a coherence that, however unwarranted, necessarily follows from a set of assumptions about the transition of capitalism from one (Fordist, productionist) growth regime to another (post-Fordist, “finance-led”) growth regime.¹⁴ Once again, the contemporary predominance of finance is taken to be an already existing material reality, thereby sidelining important political questions as to the contingent processes of financialization in everyday life.

In contrast with the work of post-Keynesians and regulation theorists, some Gramscian accounts of the power of Anglo-American finance capital are notable for explicitly ascribing analytic importance to the making of investor identities. Adam Harmes, for instance, talks of “the emergence of a widespread ‘investment culture’ which ... has played a critical role in strengthening the hegemonic dominance of finance capital – linking the perceived interests of tens of millions of workers to its own by embedding ‘investor practices’ in their everyday lives.”¹⁵ Despite Harmes’ undoubted contribution toward revealing the consensual nature of financialization, problems remain with analyses of everyday investment which begin and end with “finance capital” as their key category for investigation. The social forces of finance broadly conceived (including accountants, auditors, insurers, regulators, lawyers, management consultants, information agencies, and so on) are undeniably making substantial profits and sit atop of the hierarchical networks of financializing capitalism. Yet it remains insufficient to understand the creation of everyday investors as simply part and parcel of the ideological reproduction of the power of a clearly definable “finance capital.” As Aitken has it, there is a need to “underscore ‘[finance] capital’ not as a macro-structural entity but as something made in the spaces of everyday life.”¹⁶ Gramscian or other Marxist studies of financialization are indeed strong in situating the growth of everyday investment in the current dynamics of capital accumulation, but remain inadequate for an understanding of the embodiment and performance of everyday investment.

A growing body of research by those working within “cultural economy” is also beginning to address the assembly of financial identities.¹⁷ At present, the Foucauldian-inspired concept of “governmentality” figures prominently in this

literature.¹⁸ For Foucault, the concept of governmentality both distanced him from Marxist theories of ideology and specifically the work of Althusser, and provided a means of understanding the operation of power in (neo)liberal societies. As Foucault described it, governmentality is “the ensemble formed by the institutions, procedures, analyses and reflections, the calculations and tactics, that allow the exercise of this very specific albeit complex form of power, which has as its target population.”¹⁹ What he also calls “the art of government” and “the conduct of conduct” does not simply refer to the institutions, individuals and groups that hold authority over society (e.g. financial capital). Rather, governmentality is a discursive field that rationalizes the exercise of power. Through its practices, specific interventions come to connect “government, politics and administration to the space of bodies, lives, selves and persons.”²⁰ Thus it becomes possible to critically scrutinize (neo)liberal programs of government that hinge on the government of the self by the self.²¹ On the one hand, (neo)liberal government respects the formal freedom and autonomy of subjects. On the other hand, it governs within and through those independent actions by promoting the very disciplinary technologies deemed necessary for a successful autonomous life.

When we consider the existing research into everyday investor subjects that deploys the concept of governmentality, what is perhaps most striking are the similarities that are ultimately apparent with post-Keynesian, regulation, and Gramscian accounts. All, in albeit very different ways, give the impression that the subject position of the investor is performed relatively smoothly as the processes of financialization and neo-liberalization march on. Everyday investors continue to appear as artifacts of, and not architects in, processes of change. As critics of

Foucault more broadly have noted, there is a danger that “disciplinary power” is understood not “as a tendency within modern forms of social control” but as “a fully installed monolithic force which saturates all social relations.”²² The result, as Stuart Hall puts it, is that “discursive subject positions become a priori categories which individuals seem to occupy in an unproblematic fashion.”²³ While it is perhaps fair to level such criticisms at Foucault’s Discipline and Punish and the vast array of work by social scientists which has followed from it, they can be less easily directed towards his subsequent work on technologies of the self in The History of Sexuality and governmentality. Louise Amoore, for example, is able to draw on the concept of governmentality to argue that subjects are both vehicles of discourses of disciplinary power and the means by which those discourses are rendered fragile and vulnerable.²⁴

In the remaining parts of the paper, then, I pursue a Foucauldian approach that explicitly does not collapse into the Foucault of Discipline and Punish and thereby reduce everyday investors to “docile bodies.” For us, the concept of governmentality suggests that all subjects’ perceived self-interests as investors are discursively framed and manifest in their reflective, intentional and aspirational practices, and that contingency, contradictions, tensions and ambiguities are also likely to be present in the making of investor identities. To return to Stuart Hall, “identification is a construction, a process never completed,” and we need to pay close “attention to what might in any way interrupt, prevent or disturb the smooth insertion of individuals into ... subject positions.”²⁵ Specifically, I inflect the concept of governmentality with Foucault’s work on “the cultivation of the self” in The Care of the Self, the third volume of History of Sexuality. Here Foucault explores what he

terms the “problematization of aphrodisia” in Rome which was manifest not in “the form of a demand for intervention on the part of public authority” but as “an intensification of the relation to oneself by which one constituted oneself as the subject of one’s acts.”²⁶ He talks of a series of techniques that permit willing individuals to work on an ethics of the self by regulating their bodies, their thoughts and conduct. Such “technologies of the self” not only enable disciplinary self-improvement and contribute to the betterment of society, but also make possible “the experience of a pleasure that one takes in oneself.”²⁷ Transposed to the contemporary neo-liberal era in which the ethics of self-improvement privilege the material enhancement of individual autonomy and security in the name of a free market society, taking care of the self increasingly involves a portfolio of financial market assets that, carefully selected by the individual through the calculated engagement with risk, holds out the prospect of pleasure through returns. In short, I wish to conceive of investment as a technology of the self under neo-liberal governmentality.

Investment as a Neo-Liberal Technology of Self

From the governmentality perspective, the key to understanding the making of everyday investor subjects is to reveal the ways in which the practices of investment come to be represented as integral to a secure and autonomous life. The making of everyday investor subjects is, of course, not only a feature of contemporary times.²⁸ I would contend, however, that investment occupies a more fundamental position in contemporary neo-liberal governmentality than has been

the case previously. It is only in contemporary Anglo-American capitalism that it would seem appropriate to conceive of investment as a neo-liberal technology of the self.

Neo-liberalism can be characterized as “a political rationality that tries to render the social domain economic and to link a reduction in (welfare) state services and security systems to the increasing call for ‘personal responsibility’ and ‘self-care’.”²⁹ Contrary to previous liberal programs of government, the neo-liberal state plays not only a supervisory role in relation to the market but also stimulates, promotes and shapes subjects who, self-consciously and responsibly, further their own freedom and security through the market in general and the financial market in particular. Processes of identification feature important Others such as those “welfare dependents” who, by relying upon the state to provide for them, are mad, bad and in danger of future insecurity. In neo-liberal Anglo-American society the result is a “financialization of daily life” that is well underway.³⁰ Not only is it the case that financial self-discipline (rationality, planning and foresight, prudence, etc.) in general is central for the autonomous neo-liberal subject,³¹ but that investment is increasingly becoming essential to the course of self-realization. Practically, this means that individuals are encouraged to perceive practices of financial market investment and the returns that are assumed to follow as key to their freedom and security for both the medium-term and in their retirement.

Representations of intimate connections between individual welfare, security and freedom on the one hand, and the practices of investment on the other, turn, then, on the contemporary reworking of risk. Through a critical reading of Frank Knight’s classic investigation of indeterminacy, the category of “risk” can be seen as

distinct from uncertainty, the former as the statistical and predictive calculation of the future and the latter as non-calculable future volatilities that are beyond rational expectations.³² Techniques of risk and actuarialism thus provide a means of calculating and feigning control over a necessarily uncertain future.³³ It follows that, “the responsabilization of the self” associated with neo-liberal government calls up “new forms of prudentialism (a privatized actuarialism) where risk management is forced back onto individuals and satisfied through the market.”³⁴ Investment is a highly significant “private” technology for the calculation of risk. The re-articulation of risk that is necessary for investment to become closely bound to perceptions of enhanced individual security and freedom entails, therefore, the displacement of insurance as a “public” and collective means of managing risk.

There are, of course, important similarities between insurance and investment as techniques of risk and technologies of government. Both hold out the prospect of individual security by constructing the uncertain future as a set of calculable, measurable and manageable risks. Both also rely on expertise, that is, “the social authority ascribed to particular agents” (i.e. insurers, asset managers, etc.) and “forms of judgment on the basis of their claims to possess specialized truths and rare powers” (i.e. probability, actuarialism, portfolio theory, etc.).³⁵ Nevertheless, insurance and investment represent “risk” in very different ways. Insurance developed throughout the twentieth century to protect the individual against loss or hardship from a diverse range of risks (e.g. accidents, unemployment, poverty, old age, premature death). Here risks are traditionally constructed through expert probability calculations as an actuarial phenomenon that can be managed, pooled and spread across a population.³⁶ This view of risk as a possible hindrance, danger

or loss to be shared collectively and therefore minimized contrasts with the representation of risk present in financial market investment practices. Here risk appears as an incentive or opportunity to be calculated and grasped by the individual. The move from collective insurance to individual investment is, therefore, perhaps the exemplar of a broader trend in neo-liberal society that Baker and Simon call “embracing risk.”³⁷ The promise of investment returns makes the individualization of responsibility for security and freedom not just acceptable, but welcome and appealing.

Perhaps the most extreme example of investment as a neo-liberal technology of the self at work in Anglo-American financialised capitalism is found in the US in the practices of the so-called “day trader.” Day traders give up their day jobs to become full-time investors in the financial markets through the channels supplied by internet trading platforms and discount brokers. A very small number of individuals have, of course, given up their day jobs to compete with the professional financiers. Anglo-American mass investment in financial markets is characterized not so much by the rise of the day trader, but by individual portfolios built up through contributions to mutual funds (known as unit trusts in the UK) and pension plans. For example, by the end of 2002, mutual funds invested in equities had come to account for 22% of the UK’s £1,900 billion long-term savings. Occupational pensions and personal pension plans which, on average, invest over two-thirds of their capital in equities, accounted respectively for a further 29% and 13% of UK long-term savings.³⁸

Investment in mutual funds appears as central to the production of the free self under neo-liberal governmentality. Indeed, as the growth of mutual fund

investing produces a decline in the share of the US and UK stock markets that are owned directly by relatively wealthy individuals, mutual funds tend to be viewed as the key development in what some observers call the “democratization of finance.”³⁹ Here, and amidst the disintegration of collective social forms such as family, welfare state and secure employment, achieving returns from mutual funds is represented as empowering future happiness, improving social standing and, ultimately, producing greater freedom. The proliferation of mutual fund investment has been attributed by some observers to the bull market of the 1990s and the associated promises of massive returns on investment present in the “new economy” discourse.⁴⁰ The pouring of savings into mutual funds, rising stock markets and (in the US) cuts in capital gains taxes were clearly co-constitutive in the new economy,⁴¹ a relationship in which the growth of the financial media also undoubtedly played a very important role.⁴² Furthermore, as Frank makes clear, the new economy was in many ways the highpoint of the “people’s market of the 1990s,” a period in which Wall Street was represented in the media as much less elitist and as the domain of Warren Buffet and the middle-class investor.⁴³ In our terms, however, understanding mutual fund investors as merely passing moments in everyday financial subjectivity, called up by a fleeting discourse of financial speculation, is problematic. It serves to obscure the moral, political and technological context in which the subject position of the investor is summoned up. If the new economy were the whole story when it comes to mutual funds, it would be fair to expect mutual fund investment to have collapsed with the bursting of the new economy bubble in early 2000. Yet, in January 2004, American’s poured \$40.8 billion into mutual funds. This was the third highest monthly growth since 1992.⁴⁴ Such growth is perhaps even more revealing given the

Enron and World.com affairs and the investigations in early 2004, led by New York Attorney General Eliot Spitzer, into improper trading by asset managers at the height of the bubble.

Investment as a technology of the self under neo-liberal governmentality is also increasingly at work in Anglo-American pensions. Both states and employers are scaling back insurance commitments that expanded during the post-1945 era, thereby individualizing responsibility for provision for old age. For both the US and UK governments, this has entailed moves to minimize the share of total retirement income that is provided through state-based pension arrangements. These moves have included, for example, the indexation of basic state pension benefits to prices as opposed to earnings in the UK, President Bush's current initiative to partially marketize and individualize US Social Security, and the provision of various tax breaks for private pensions on both sides of the Atlantic (e.g. individual retirement accounts (IRAs) in the US). For employers, meanwhile, defined-benefit (DB) or "final salary" occupational pension schemes have increasingly been closed to new entrants in favor of defined-contribution (DC) or "money purchase" alternatives.⁴⁵ While the scale and ratio of tax-favored contributions by employers and employees varies across both DB and DC, it is differences in terms of responsibility and risk that primarily distinguishes final salary from money purchase schemes. Workers' contributions to DB schemes are invested in the financial markets on their behalf by scheme trustees and the asset management industry. The employer bears the risk returning from investment that may not be sufficient to meet guaranteed insurance benefits which are calculated according to a prescribed formula based on final salary and/ or period of service. In contrast, under DC plans (which are commonly known

as 401(k) plans in the US as around three-quarters of DC plans use the 401(k) tax code) no commitment is made on benefits. The individual worker is responsible for deciding the scale of their contributions and between investment options and, ultimately, bears the risk that returns may not be sufficient to provide for their retirement income. Achieving a secure and free retirement in the future increasingly requires considerable care of the self in the present, care that it appears can only be practiced through DC plans and financial market investment.

Uncertain Subjects

The making of everyday investor identities and the financialization of Anglo-American capitalism is deeply bound up with neo-liberal governmentality that stresses personal responsibility for individual freedom and security. The mass middle-classes that are the principal target, collectively and individually, of neo-liberal governmentality are not, however, investing sufficiently or effectively in order to provide for their security. This is revealed, in effect and in the most general of terms, by the rates of saving that currently prevail on both sides of the Atlantic. For example, in the UK, the savings ratio – defined as household saving as a percentage of gross income – reached a record low of 4.8% in the last quarter of 2002. This compares to an average of 8.9% over the period 1994-2004.⁴⁶ American households, meanwhile, currently save less than 1% of their disposable income.⁴⁷ Collective and individual shortfalls in investment are apparent, more specifically and perhaps most starkly, in terms of investing for retirement. The initial report by the Pensions Commission suggests that 13 million of the UK's 28 million working

population are not saving at a level sufficient to provide for a financially secure retirement.⁴⁸ Munnell and Sundén's work for the Brookings Institution on 401(k) plans paints a similar picture.⁴⁹ Furthermore, Munnell and Sundén also suggest that 401(k) plan participants largely fail to undertake the portfolio diversification strategies that basic investment theory deems necessary to the management of investment risk. Indeed, the holding of "unbalanced" portfolios was cruelly exposed by the fate of the Enron workers who lost not only their jobs, but also roughly half of their retirement savings which had been invested in the stock of their employer.⁵⁰

Current shortfalls in collective and individual investment, and the presence of practices that diverge significantly from the basics of investment theory, suggest that the making of everyday investor subjects is proceeding far from smoothly. The principal response of policy makers and the finance industry on both sides of the Atlantic has been to step up the promotion of so-called "financial education" and "financial literacy" as discussed in the introduction to this paper. Specific policy and regulatory initiatives are also in play that seek to broaden investment practices to include those who are currently marginalized. For example, President Bush's proposed reform of Social Security would create millions of first-time financial market investors in a so-called "ownership society." Meanwhile, in the UK, the center-piece of current pensions policy is the "stakeholder pension" that is designed to reach out to those five to eight million low/ middle-income individuals that are not currently saving for their own retirement.

While the promotion of financial literacy and the extension of financial market investment to those who are presently excluded may be laudable in its own terms, these policies necessarily miss the point when it comes to the making of investors.

Neo-liberal programs represent the investor as a clearly demarcated and unproblematic subject position that can be performed by rational, calculative and financially-literate individuals to further their own security and freedom. Yet as Miller and Rose stress, (neo)liberal programs of government are typically contingent, contested and contradictory.⁵¹ It follows that, contrary to post-Keynesian, Gramscian and existing Foucauldian readings in particular, the embodiment of the mass investment culture of financialization is likely to be highly problematic. Specifically, drawing on Foucault's theorization of the concept of governmentality, I want to argue that two principal contradictions interrupt the processes of identification in everyday investment. Caught amidst these contradictions, individuals cannot identify with the subject position of the investor to which they are summoned in an unambiguous manner and, therefore, negotiate and contest disciplinary power relations in important ways.

The first contradiction that interrupts the assembly of investor identities arises out of the place of risk in the operation of investment as a technology of the self under neo-liberal governmentality. The prospects for individual security and freedom that are held out as possible through investment as care of the self hinge on the returns that are assumed to follow from embracing financial market risk. The financial future is cast as an opportunity that can be taken by the investor who appropriately calculates, measures and manages risk. Yet the proposed calculative engagement with risk/ reward assumes that it is indeed possible to bring some semblance of order to the necessarily uncertain future. It becomes apparent, based on our critical reading of Frank Knight's work on indeterminacy, that this is not a possibility. Consider, by way of illustration, DC pension plans and annuities.

Investment as a technique of risk emphasizes that contributions to a DC scheme should be held in a balanced and diversified portfolio of assets. But, at retirement, DC schemes tend to require that the individual surrenders or “cashes out” this balanced portfolio in favor of a single financial instrument – i.e. an annuity that will pay an income over the years until death. Given that annuity rates are closely tied to prevailing interest rates and thus fluctuate considerably, retirement investors are thus exposed to uncertainties that arise from not being able to calculate the interest rate at the time of their retirement. The retirement income of those who retired in the late 1990s is, for example, considerably higher than that of those who are retiring at present in a period in which annuity rates (like interest rates) have hit historic lows. What is plain is that the fate of even those individuals who have responsibly and skillfully invested for their freedom and security in retirement is simply determined by luck and good or bad timing.

Unable to bring order to the necessarily uncertain future, investment, to paraphrase from Crook, actually results in the “overproduction and undercontrol of risks.”⁵² The investor subject’s attempts to calculate, measure and manage proliferating risks are increasingly strained by volatilities that cannot be captured and governed by rational expectations. “A general information overload” and “anxiety and insecurity [rather] than a sense of safety and control” follow from “the arbitrariness and necessary incompleteness of even the most assiduous individual risk calculation.”⁵³ The continual representation of investment as a principal means of acquiring material well-being, security and freedom only serves to heighten this anxiety and, ultimately, to install a sense of perpetual crisis. For some, anxiety and uncertainty manifests itself in a retreat to the relative safety of savings accounts

where returns are guaranteed, but more likely is a rejection of saving and financial market investment all together. Framed by the explanations of market failure offered by institutional economics,⁵⁴ recent evaluative reports in the UK in particular tend to represent this as a “lack of trust” or “loss of confidence” in investment. The House of Commons Treasury Committee, for example, begins from the assumption that there is currently “a damaging lack of consumer confidence in long-term saving.”⁵⁵ While the Committee recognizes that the collapse of the new economy bull market undermined confidence in investment in broad terms, it holds that “the fundamental issue was that the industry had a poor record for treating customers fairly.”⁵⁶ In our terms, the report suggests that investment as a technique of risk is in no way contradictory. Instead, incidences of failure at which the risk/ uncertainty contradiction surfaces are cast as the consequence of either miss-selling and miss-information, or unrealistic expectations over the likely performance particular products.

At the same time that anxiety and uncertainty come to manifest themselves in the rejection of financial market investment, some individuals have come to perceive their self-interests to be best served by pushing back the frontiers of what it means to be “an investor.” Put differently, investment as a technology of the self does not take the form envisaged under neo-liberal governmentality. Indications are that large numbers of investors have turned their backs on the financial markets in favor of residential property. A survey undertaken by the Association of British Insurers suggests, for example, that 32% of the UK population plan to use income from their property to fund retirement, with 13% expecting their property to provide their main source of income in retirement.⁵⁷ Indeed, the era of rapidly rising house prices since

the latter half of the 1990s has seen the emergence of so-called “flippers” and “buy-to-let investors” on both sides of the Atlantic. “Flippers” are owner-occupiers who, by moving house or “flipping” at regular intervals in a rising market, have treated their home as an investment and gained significantly or “traded up” on the “property ladder.” The burgeoning popular finance and property media regularly features advice on how to become a flipper, often in conjunction with recommendations on “home improvement” and “do-it-yourself” trends that will add value to your home.⁵⁸ Meanwhile, the value of outstanding buy-to-let mortgages in the UK rose from £2 billion at the end of 1998 to £47 billion by June 2004.⁵⁹

According to the National Association of Realtors, a staggering 23% of all house purchases in the US in 2004 were made for investment purposes and not for owner occupation.⁶⁰ What is especially notable here is the way that buy-to-let property investors, in effect, lever their investments through mortgage borrowing and are reliant upon the rental payments of their tenants.

In addition to the contradiction manifest in investment as a technique of risk, a second contradiction also intervenes in processes of identification such that individuals do not simply perform the subject position of the financial market investor. The subject position of the investor that is summoned up in neo-liberal governmentality is represented as a paradoxically monolithic and disconnected economic identity. Indeed, it is the very isolation of the “the investor” that provides the anchor point in representations of close relationships between the financial markets on the one hand and individual freedom and security on the other. Such isolation, of course, cannot hold, as investors are also simultaneously workers and consumers. Just as it is impossible to unambiguously distinguish responsible

investors from irresponsible welfare dependents, so investors cannot be clearly demarcated from the subject positions of workers and consumers. I want to stress, then, that the performance of investment stands in tension with the practices of work and consumption which also appear as essential to securing, advancing and expressing individual freedom in neo-liberal society.

Alongside the investor subject, neo-liberal governmentality also calls up the “worker-entrepreneur” in the contemporary restructuring of the productive economy.⁶¹ Both the investor and the worker-entrepreneur tend to be represented as responsible and self-reliant figures who embrace risk/ reward. The financial markets and flexible, downsized, mobile and contacted-out production appear to present opportunities for individuals who want to progress. Here the successful worker-entrepreneur who builds their “career portfolio” will have no problems, for example, in also contributing to and managing their own DC pension or mutual fund. However, worker-entrepreneurs necessarily confront new uncertainties over employment contracts, hours, pay and conditions that, obscured by discourses of risk/ reward, are likely to undercut their capacity to perform the subject position of the investor. The responsible investor who builds a portfolio of securities in order to provide for his or her future requires a disposable income to invest. Investment is not a one off event, but a set of on-going calculative practices of self care that rely, for the vast majority of the middle classes at least, on relatively predictable wages. Amongst pension economists, this is sometimes referred to as the “life cycle hypothesis of saving and wealth accumulation,” whereby members of households invest in assets during their working lives which they later rely upon for income. Far

from enabling investor subjects, contemporary restructuring in production and work introduces additional uncertainties into everyday investment practices.

Furthermore, what is particularly ironic is that mass investment and the associated drive for so-called “shareholder value” in the name of the investor and financial market efficiency contributes towards uncertainties over employment. Put starkly and in the words of Leo W. Gerard, International President of the United Steel Workers of America, “financial markets are cutting our throats with our own money.”⁶² This has been the message for organized labor since the late 1970s,⁶³ a message that has been taken forward by many of the labor activists who became the “shareholder activists” of multi-employer and public pension schemes such as CalPERS in the 1990s. The key challenge for these activists remains converting workers’ investments in corporate securities into greater control over management practices, thereby advancing “a new paradigm” for pension fund investment that takes into account “the interests of all stake-holders in the economy in equal measure.”⁶⁴ Yet as Marens concludes, shareholder activism in the name of workers as “stakeholders” has, to date, served primarily to further so-called “good corporate governance.”⁶⁵ This actually further erodes the capacities of corporate managers to undertake strategies that deviate from production patterns that are flexible, lean, and out-sourced. In short, even with the advent of shareholder activism, what we gain as workers, we lose as investors and visa-versa, and the performance of investment continues to stand in tension with the practices of work.

In addition to the investor subject and the worker-entrepreneur, neo-liberal governmentality also calls up consumer subjects who express and communicate their freedom, aspirations and individuality through commodity ownership and acts

of consumer choice.⁶⁶ Consumer credit has come to play an increasingly central role in the practices of consumer subjects, wiping away the need to earn and/ or save before a purchase can be made. Indeed, the consumption of consumer credit has itself become an important means of expression. Consider, for instance, the “gold card” (or, more recently, the American Express Centurion “black card”) as a symbol of wealth and standing, and so-called “affinity cards,” that is, “personalized” credit cards adorned with the symbols of sports clubs, charities, and even celebrities such as Elvis Presley.⁶⁷ What is significant for us, however, is that contrary to the popular discourses that bemoan the growth of consumer credit as a collapse in the values of thrift, the practices of consuming on credit are “disciplined hedonism.”⁶⁸ With self-indulgence and profligacy necessarily come financial self-discipline and repayments on personal loans and credit card bills that must be met in order that credit scores are maintained and that “freedom and individuality” can continue to be expressed in the future. There is, then, a contradiction between the consumer and investor as subject positions in neo-liberal governmentality. Even the most disciplined and calculative individual of typical means will, for example, struggle to simultaneously reconcile borrowing for house, car and consumer goods purchases on the one hand, with contributing to a mutual fund and participating in a 401(k) plan on the other. It is no coincidence, then, that the formation of investor subjects is proving particularly problematic at a time when individuals continue to take part in a frenzied borrowing binge.

Official reports on investment shortfalls in the US and UK do not stress the tensions that are present between the performance of investment on the one hand and consumption on the other. There is, of course, also no mention of the

uncertainties and insecurities experienced by worker-entrepreneurs. Interestingly, however, the problems of reconciling investment and credit-fuelled consumption are more often than not laid bare in guides to investment produced by government. Here outstanding obligations arising from consumer credit relations tend to appear as the first enemy of the investor. For example, the Department of Labor's principal pensions guide features a section on how to "Boost Your Financial Performance."⁶⁹ Readers are told that "There's one simple trick for saving for any goal: spend less than you earn." The following section instructs readers to "Avoid Debt and Credit Problems," and tells them that "High debt and misuse of credit cards make it tough to save for retirement." Further "additional tips for handling credit cards wisely" include "Keep only one or two cards, not the usual eight or nine," "Pay off the card each month, or at least pay more than the minimum," and "Leave the cards at home or cut them up!"

Concluding Remarks: Re-politicizing Financialization

Drawing attention to the contradictions present in the assembly of investor subjects is particularly important if we are to go beyond policy evaluation and technical solutions and begin to genuinely re-politicize the financialization of Anglo-American capitalism. Neo-liberal programs currently serve to silence political debate by presenting future economic security as a technical problem to be solved by the individual who calculates, embraces and bears financial market risk through their investment practices. It is important to stress, however, that the theorization of governmentality and subsequent analysis offered here also provide a particular

route to politicizing financialization in general and everyday investment in particular.

Take, by way of illustration, the practices of so-called “ethical investment” that would seem to provide an important strategy for intervening politically in the financialization of economic life. Ethical investors draw on the legacy of many civic associations, most notably churches and universities, that have sought for centuries to avoid investment in, for instance, the production of alcohol. An ethical investor will typically choose from a menu of mutual or pension funds that have been “screened” and branded according to various “positive” or “negative” criteria. Positive screening enables investment in companies that, for example, are involved in recycling and conservation, and negative screening leads to the avoidance of companies linked, for example, to the arms trade. Stock market indices such as FTSE4Good provide, meanwhile, a touchstone and benchmark for the performance of ethical investments. Ethical investment practices may indeed contest the assumption that collective principles are necessarily sacrificed in order to make a profit – there is little evidence that ethical investments under-perform relative to the market in general. Yet from the perspective taken here, ethical investment does not question the neo-liberal representation of practices of investment as integral to a secure and autonomous life, but adds moral bells and whistles to investment as a vehicle of self-care and collective gain.

More broadly, the post-Keynesian and neo-Marxist accounts of financialization discussed in the first part of this paper come to be seen from a governmentality perspective as falling foul of what Gibson-Graham call “capitalocentrism.”⁷⁰ This manifests itself in two major problems. First, while

disagreeing with neo-liberal representations of the moral virtues and social consequences of financialization, existing critical accounts tend to hold in common with neo-liberalism the assumption that financialization is a dynamic, powerful, mobilizing, penetrating force which is everywhere, driving societal and historical change. Individual investors are therefore portrayed as largely passive dupes who act at the behest of new financial imperatives and/ or the financial fraction of capital. The result is that the partial, fragmented and discontinuous features of the financialization of capitalism are, at best, overlooked and, at worst, regarded as a temporary blip that will be ironed out as the logic and power of finance is furthered. Second, post-Keynesian and neo-Marxist accounts prompt forms of politics that clearly and unequivocally refute financialization. This repudiation is advanced in the name of the workers who lose out as financial capital and financial imperatives triumph, and often seeks to make workers conscious that mass investment is not in their interest. Such politics can be seen, for example, in the shareholder activism of those US trade unionists who have sought to assert greater control over the investment decisions of multi-employer and public pension funds. However, as I have argued elsewhere, proponents of change tend not to acknowledge the problematic character of attempts to define what those on the Left broadly conceived should oppose - such as financialization of capitalism.⁷¹ Furthermore, and to paraphrase from Louise Amoore, the lack of contingency present in attempts to say a clear “no” to financialization necessarily shuts down consideration of the plurality of multiple resistances already taking place.⁷² It is not simply the case that individuals can and should reject the subject position of the investor that is complicit within financialization in favor of the unified and radicalized working-class subject. Rather,

politicizing financialization precisely requires that we recognize the incomplete and partial nature of investor identities as integral to our consideration of the potential spaces for dissent.

Notes

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¹ <<http://www.mcwhortle.com>>

² <<http://www.mcwhortle.com/ipogreenlight.htm>>

³ See, respectively, <<http://www.growthventure.com/oldglory>>; <<http://www.growthventure.com/grdi>>; and <<http://www.seek2succeed.com>>.

⁴ <<http://www.sec.gov/news/press/2002-18.txt>> and <<http://www.sec.gov/news/headlines/scamsites.htm>>.

⁵ Susanne Ferris Wyderko, S, “Statement to the Senate Committee on Governmental Affairs – The Federal Government’s Role in Empowering Americans to Make Informed Financial Decisions” (March 30th 2004).

⁶ See, for example, Department of Labor, [Saving Fitness: A Guide to Your Money and Your Financial Future](#) (Washington, DC: Department of Labor, 2004), and Pensions Service, [A guide to your pension options](#) [PM1] (London: Pensions Service, 2004) <<http://www.thepensionsservice.gov.uk/pdf/pms/pm1-apr04.pdf>>.

⁷ Ana M. Aizcorbe, Arthur B. Kennickell and Kevin B. Moore, "Recent Changes in U.S. Family Finances: Evidence from the 1998 and 2001 Survey of Consumer Finances," Federal Reserve Bulletin 89 (January 2003): 1-32.

⁸ Robert Boyer "Is a Finance-Led Growth Regime a Viable Alternative to Fordism? A Preliminary Analysis," Economy and Society 29, no. 1 (2000): 111-45; Julie Froud, Sukhdev Johal and Karel Williams, "Financialisation and the Coupon Pool," Capital and Class 78 (2002): 119-151.

⁹ William Lazonick and Mary O'Sullivan, "Maximising Shareholder Value: A New Ideology for Corporate Governance," Economy and Society 29, no. 1 (2000): 13-35.

¹⁰ Boyer, "Is a Finance-Led Growth Regime a Viable Alternative to Fordism?," Froud *et al.*, "Financialisation and the Coupon Pool".

¹¹ *Ibid.*

¹² Froud *et al.*, "Financialisation and the coupon pool," 126.

¹³ *Ibid.*, 133, 134.

¹⁴ Boyer, "Is a Finance-Led Growth Regime a Viable Alternative to Fordism?."

¹⁵ Adam Harmes, "Mass Investment Culture," New Left Review 9, no. 1 (2001): 103-124 at 103.

¹⁶ Rob Aitken, "A Direct Personal Stake: Cultural Economy, Mass Investment and the New York Stock Exchange," Review of International Political Economy 12, no. 2 (2005): 334-363 at 334.

¹⁷ For example, Rob Aitken, "The Democratic Method of Obtaining Capital – Culture, Governmentality and Ethics of Mass Investment," Consumption, Markets and Culture 6, no. 4 (2003): 293-317; Aitken, "A Direct Personal Stake;" Gordon L Clark, Nigel Thrift and Adam Tickell, "Performing Finance: The Industry, the Media and its Image," Review of International Political Economy 11, no. 3 (2004): 289-310; David Knights, "Governmentality and Financial Services: Welfare Crises and the Financially Self-Disciplined Subject," in Regulation and Deregulation in European Financial Services, eds. Glenn Morgan and David Knights (Basingstoke: MacMillan, 1997) 216-36; Randy Martin, Financialization of Daily Life (Philadelphia, PN: Temple University Press); and Alex Preda, "The Investor as a Cultural Figure of Global Capitalism," in The Sociology of Financial Markets, eds. Karin Knorr Cetina and Alex Preda, 141-62 (Oxford: Oxford University Press, 2005). On

the emerging field of “cultural economy,” see The Blackwell Cultural Economy Reader, eds. Ash Amin and Nigel Thrift (Oxford: Blackwell, 2004).

¹⁸ See, especially, Aitken “The Democratic Method of Obtaining Capital,” Knights, “Governmentality and Financial Services,” and Martin, Financialization of Daily Life.

¹⁹ Michel Foucault, “On Governmentality,” Ideology and Consciousness 6 (1979): 5-22 at 20.

²⁰ Mitchell Dean, Governmentality: Power and Rule in Modern Society (London: Sage, 1999), 12.

²¹ Peter Miller and Nikolas Rose, “Governing Economic Life,” Economy and Society 19, no. 1 (1990): 1-31.

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²³ Stuart Hall, “Introduction: Who Needs ‘Identity’?,” in Questions of Cultural Identity, ed. Stuart Hall, 1-17 (London: Sage, 1996), 10.

²⁴ Louise Amoore, “There is No Great Refusal: The Ambivalent Politics of Resistance,” in International Political Economy and Poststructural Politics, ed. Marieke de Goede (Basingstoke: Palgrave, forthcoming).

²⁵ Hall, “Introduction: Who Needs ‘Identity’?,” 2 and 11.

²⁶ Michel Foucault, The History of Sexuality, Volume 3: The Care of the Self, trans. Robert Hurley (Harmondsworth: Penguin, 1984), 39-41.

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²⁸ Aitken, “A Direct Personal Stake,” 336-8.

²⁹ Thomas Lemke, “‘The Birth of Bio-Politics’: Michel Foucault’s Lecture at the Collège de France on Neo-liberal Governmentality,” Economy and Society 30: 2 (2001): 190-207 at 203.

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³¹ Knights, “Governmentality and Financial Services,” 224.

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³⁴ Michael A. Peters, Postructuralism, Marxism and Neoliberalism: Between Theory and Politics (Oxford: Rowman & Littlefield, 2001), 91 (emphases in original).

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³⁶ François Ewald, "Insurance and Risk," in The Foucault Effect: Studies in Governmentality, eds. Graham Burchell, Colin Gordon and Peter Miller, 197-210 (Hemel Hempstead: Harvester Wheatsheaf, 1991).

³⁷ Tom Baker and Jonathan Simon, "Embracing Risk," in Embracing Risk: The Changing Culture of Insurance and Responsibility, eds. Tom Baker and Jonathan Simon (Chicago, IL: University of Chicago Press, 2002) 1-26.

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