Governing *Homo Subprimicus*: Beyond Financial Citizenship, Exclusion, and Rights

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**Abstract:** The paper presents an alternative to scholarship on the distributional politics of finance that emphasizes citizenship-based claims to new financial rights. To compensate for the dominance of exclusion-based etiologies of financial marginality in financial geography, I reframe financial exclusion as a problem of financial government—that is, as a problem of conducting the conduct of risky populations without threatening the security and autonomy of financial markets. Drawing on Foucault’s distinction between technologies of discipline and security, I describe how barriers to the extension of financial government create tiered processes of financial subject formation. The inchoate “subprime” financial subject produced is the correlate of a specialized financial governmentality—a *homo subprimicus* eminently governable by financial means. I close by calling for greater attention to questions regarding the relationship between technologies for valorizing bare life, new systems of financially mediated value extraction, and emerging capitalist class processes.

**Keywords:** financial citizenship, financialization, subjectivization, governmentality, biopolitics, class

**Introduction**

This paper presents an alternative to scholarship on the distributional politics of finance that emphasizes the financial empowerment of the financially excluded through the recognition of new financial rights. To push further reformist efforts to universalize access to “safe” and affordable financial products, I (re)conceptualize finance as a form of biopolitical government whose subjectivizing tendencies are concomitant with emerging capitalist class processes. The paper builds toward this (re)conceptualization of the distributional politics of finance by engaging with some of the theoretical questions and challenges raised by the idea of “financial citizenship” (FC) (Leyshon and Thrift 1995), and liberal campaigns to create “safe” and “inclusive” consumer financial markets.

The paper is divided into three main parts. In the first, I introduce the idea of FC, and outline a set of challenging questions about financialization, sovereignty and rights, which the concept raises. I then argue that demands for greater financial inclusion made by FC discourse are at their core not about financial rights *per se*, but about giving the economically marginalized more control over their livelihoods. FC discourse errs, first, in the choice of the institutions from which it seeks rights and,
second, in its assessment of the quality of empowerment and autonomy that access to financial products can provide to low-income households. In the following section I present an alternative view of the relationship between the financial system, the state and the citizen, which muddies the liberal distinction between the state and the financial system (and markets more generally). Here I argue that financialization involves the rollout of a form of biopolitical government incommensurable with the idea of financial rights, or simple dichotomies of financial inclusion and exclusion. Drawing on Foucault’s distinction between technologies of discipline and security, I describe how barriers to the extension of financial government to certain social groups is creating a “double system” of financial government, and tiered processes of financial subject formation. I conclude with a call for more research on the novel class processes of today’s financial capitalism.

**Distributional Financial Politics in the Current Conjuncture**

Since the early stages of the “Great Recession” the squeeze on households, businesses and governments from stagnating real incomes and sluggish economic growth has become harder to conceal through expansions in credit and debt, or by rechanneling investment into financial markets. As a result, the distributional politics of finance have been destabilized and distributional social conflict has acquired a new immunity to the crisis-deferring apparatuses of finance. Does this mean, as Krippner (2011:139) has suggested it might, that financialization “as a response to the crisis conditions of the late 1960s and 1970s […] is coming to a close”?

Four years after the collapse of Lehman Brothers, the political and economic implications of finance’s loss of palliative efficacy in the treatment of distributional social conflict are still coming into focus. In the meantime, those interested in the distributional politics of finance should not assume that the end of financialization is nigh. Financialization, understood most broadly as the increasing role of financial motives, markets, actors and institutions in any or all spheres of life (Epstein 2005:3), is too diverse and variegated a phenomenon to experience a singular dénouement. Lee et al (2009:728) “identify at least 17 notions of financialization”, suggesting that it is a process capable of adapting and finding many forms of expression as it seeps into the “nooks and crannies of social life”. Moreover, it is unlikely that today’s expressions of financialization exhaust the process’s evolutionary potential. Perhaps, then, the more important question is not whether financialization is “coming to a close” but how and why which branches of financialization’s family tree terminate, persist and mutate?

Faith in the allocative efficiency of financial markets may be on the wane, but no alternative hegemonic social mechanism for negotiating competing social claims has risen to take the place occupied for three decades by financial markets. In the absence of an alternative decision-making mechanism, the political contest for scarce resources, and over who should bear the brunt of cascading crises—subprime, liquidity, debt, fiscal, social, legitimation and so on—will continue to be shaped by financial interests and logics.

Regardless of whether financialization represents a major structural shift in the operation of capitalism, it has changed the way economic subjects are...
formed, creating new financial identities (Langley 2010; Martin 2002), and axes of
distributional struggle. Unfortunately, changes in subject formation processes and
economic identities are harder to measure than profit shares and revenue flows,
which have become the standard indicators of financialization (Krippner 2005,
2011).\(^2\) While not easily measured, shifts in subjectivities affect the way positive
economic rights are conceived and the types of social claims that are made. Making
sense of these ongoing and lagging qualitative effects of financialization requires the
development of new theories and methods for studying the distributional politics of
finance. An early effort in this vein is provided by the notion of financial citizenship
(FC). Introduced by Andrew Leyshon and Nigel Thrift (1995) as a platform for the
promotion of financial rights, FC is a rare example of a distinctly financial mode of
distributional social claims-making. The idea of FC is both suggestive in productive
ways and inadequate in others.

Financial Citizenship

With financial citizenship Leyshon and Thrift provided a new language through
which to articulate the injustices of financial exclusion in the context of the financially
“disenfranchising” tightening of credit, “flight to quality” and retreat of retail
banking from low-income areas (Pollard 1996) in the aftermath of the early 1990s
recession. Today the term possesses few rivals as a framework for representing the
inequities of financial exclusion in a manner that points toward their amelioration.

FC provides a language that connects the lived experience of financialization on
the margins to a new set of not-yet-existing economic rights. However, the financial
inclusion pursued by financial consumer advocates and FC proponents only makes
sense as a solution to the problem of financial marginality as long as the necessarily
discriminatory logic of finance is underplayed. As long as those with precarious
incomes deposit less money for banks to lend and are at greater risk of defaulting
on loans, they will pay a premium for financial services. The discriminatory nature of
risk pricing forecloses the possibility of an egalitarian financial system. By ignoring
the pseudo-natural limitations of the financial system, FC elides several complexities
regarding the relationships between economic marginality and financial access,
the desirability of financial “inclusion”, and the very applicability of a conventional
inclusion–exclusion framework to the financial system. By exalting financial inclusion
as a sort of “human right” (Leyshon and Thrift 1995), FC leaves unchallenged the
expansion of the financial system’s role in the regulation of everyday life and in
the mediation of social relations. By critically engaging with FC, I both respond
to the “urgent need” identified by French, Leyshon and Wainwright (2008) and
Dymski (2006) to discuss the “rights of financial citizens” (French, Leyshon and
Wainwright 2008:31) in the context of the current conjuncture, and develop an
alternative schema for conceptualizing and problematizing financial discrimination
in ways that financial exclusion and financial citizenship cannot.

The State, the Financial System and Citizens

Leyshon and Thrift use the idea of citizenship to link the marginalizing tendencies
of the financial system to a set of unrecognized financial rights. They justify the
adoption of citizenship language to make this connection by highlighting a series of equivalences between (nation) states and financial systems:

States have an “inside” and an “outside”, a “here” and a “there”; they have citizens (on the inside) and non-citizens (on the outside). Contemporary financial systems also have these characteristics. They draw borders which are difficult to transgress, and which are currently being rolled up. What we need is a concept like financial citizenship which can relate the two, both as a means of putting pressure on states to reform their financial systems so that they include rather than exclude and of putting pressure on financial systems to realize that they have some state-like responsibilities which reach beyond consumer sovereignty into basic human rights (Leyshon and Thrift 1995:336).

Leyshon and Thrift’s invocation of FC leaves unclear to whom, or to what, the appeal for financial rights is being made: is it the state, the financial system, some higher moral principle, or a combination of these? It is ambiguous whether FC is supposed to be a souped-up version of an already held citizenship, or a sort of additional citizenship, where one would have rights guaranteed by the state as well as by financial institutions, as when they suggest that “… people should be able to be ‘dual citizens’ of both the state and the financial system” (Leyshon and Thrift 1995:336). Regardless, the passage, in addition to presupposing an extant relationship between the state and the financial system capable of creating a new class of rights, provocatively confers on the financial system “state-like responsibilities”.

The idea that the financial system and the state bear separate, state-like obligations to the economically marginalized makes one wonder where the financial system’s state-like responsibilities come from. Do they originate in some unwritten, original contract, natural law, or other equally pre-social and self-evident principle of justice, or are they automatically imparted through the financial system’s assumption of state-like powers and roles in the governance and regulation of the state’s subjects? While there is a vast literature reaching back to Hobbes and Locke about the state’s responsibility to its subjects, the idea that financial institutions might be responsible for providing and protecting the rights of noncustomers remains novel. Hobbes and Locke’s contrasting accounts of the origins of the state’s responsibilities to its subjects provide instructive models with which to make sense of FC’s enlistment of the financial system in the guardianship of “citizenship” rights.

From Hobbes to Locke

Relations between the financial system, the state and the public have taken on a baldly Hobbesian quality in which financial authorities and technocrats act as a sort of modern monetary policy Leviathan (Mann 2010:18). Despite this Hobbesian turn, FC discourse, and the efforts of financial consumer advocates to build a more inclusive financial system, are predicated on a version of the relationship between the financial system and its subjects-cum-citizens that is more Lockean than Hobbesian. It is a relationship where the financial system is accountable to the people—and not only in their capacities as creditworthy customers. The tensions between the implicitly Lockean political imaginary of FC discourse and consumer advocates, and
the reality of a financial system which must operate in a Hobbesian fashion to manage capitalist crises, have not received the attention that they deserve.

Hobbes’s (2010[1651]) depiction of the relationship between the rights of the governed and the state contains both resonances with the contemporary financial system’s operation as well as important dissonances with FC discourse. Highlighting the resonances, Mann (2010:18) argues that the “very structure of modern monetary authority has a distinctively Hobbesian quality” in which various precepts of modern monetary policy orthodoxy have become “difficult to reconcile with any acceptable definition of democracy”. According to this orthodoxy, markets must be protected from the vagaries of shortsighted electoral politics. To ensure that investors can form “rational expectations” based on “credible” and “transparent” monetary policy, governments must give near complete and unchallengeable authority to their central banks to maintain a targeted rate of usually around 2% inflation (Lucas 1986:128; Mann 2010).

In neither Hobbes’s sovereign, nor today’s inflation-targeting Leviathan, however, do we find examples of state responsibilization that fit with the “state-like responsibilities” imagined for the financial system in FC discourse. In Hobbes’s schema the state’s responsibility to its subjects is a quid pro quo for its enjoyment of a complete monopoly over legitimate coercion. In FC discourse the financial system, when carrying out its state-like duty, is the guarantor of rights, not the recipient of the right to do whatever is necessary to appease bond markets. Clearly the Hobbesian qualities of today’s financial order are not what animate demands for financial inclusion, or inform FC discourse’s understanding of the financial system’s obligations to the excluded. FC represents a Lockean demand made against the grain of an increasingly Hobbesian financial system.

Unlike Hobbes’s Leviathan-ruled state, Locke’s state is answerable to the people, and rightfully overthrown by them when it fails to defend their rights, judge them impartially, or makes itself the “arbitrary dispose[r] of [their] lives, liberties, or fortunes” (Locke 1988 [1698]:§221). The financial system’s role as an “impartial judge” is a large part of what defines its “stateness” in a contemporary Lockean sense. Casting the financial system as an “impartial judge” parallels a general tendency in neoliberal discourse identified by Foucault (2009:32) to reify the market and exalt it as an impartial arbiter of state practice. This general tendency, however, began to manifest itself in particular legal forms in the 1970s.

Perhaps the best example of the formalization of finance’s role as an impartial judge is the US Equal Credit Opportunity Act of 1974 (Marron 2007). Regulation B of the Act prohibited any “judgmental system” of credit assessment. In place of “judgment” the Act made scientific and objective credit-scoring systems based on statistically representative sample groupings the proper means of discrimination. In so doing, the Act inaugurated an historical shift from “creditworthiness” as discontinuous phenomena and a function of “personal character”, to creditworthiness as a “continuous measure of risk constructed within the context of the wider national population” (Marron 2007:117). The Act, and the risk-scoring technologies it promoted, by offering an “objective” means of assessing default, promised to serve as an impartial means of discrimination operated by private companies, beyond the purview of electoral politics.
In carrying out its “state-like” responsibility to impartially discriminate, the financial system becomes entangled with the problems and questions of sovereignty. Carl Schmitt (2005), probing the foundations of legal order in modern states, defines the sovereign as an actor outside the law who must decide when the law must be suspended to preserve and protect the legal order. The problem of sovereignty, for Schmitt, is that the state is both founded upon and haunted by the spectre of an entity possessing the obscene power to “decide the exception”—to decide when an emergency exists and whether the law must be superseded to eliminate it (Schmitt 2005:7). Try as it might, according to Schmitt (2005:11), the state cannot wholly exorcise or permanently “repress the question of sovereignty”. This responsibility to decide is a source of extreme anxiety for the modern liberal democratic state for many reasons, and various methods have been devised to dodge the problem. The ways and means of coping with the anxieties of sovereignty are central to the history of financialization, and are deeply woven with questions at the heart of FC discourse.

As Krippner argues, the history of finance’s rise is closely related to the struggle to delink the state’s sovereign responsibility to decide from unpopular economic outcomes. According to Krippner, the post-war expansion of the state’s role in the management of the economy amplified perceptions that economic events were “the product of state action” (2011:21). This popular belief in the state’s economic sovereignty made the responsibility to make policy decisions affecting the allocation of scarce resources a political liability for legislators confronting the fiscal and social crises of the late 1960s and 1970s. The state’s lack of will or ability to decide how to negotiate a new distributional social compromise or discipline private wants made offloading the burden to decide to the “blind” operation of financial markets an appealing way to escape direct culpability for unpopular distributional choices. By tapping into domestic and global capital markets, state officials hoped to resolve political dilemmas while escaping responsibility for the fallout (Krippner 2011:22; 2007). As Krippner explains, prior to US financial deregulation, interest-rate caps and capital controls kept capital chronically scarce. This scarcity of capital meant that “every attempt to allocate credit to one use required denying it for another [... forcing policy makers to choose] which sector to favour in allocating credit—industry or housing, large corporations or small businesses, municipal finance or agriculture” (Krippner 2011:59). Financial deregulation partially obviated the question of sovereignty in the economic sphere by leaving the dirty, distributional work to the invisible hand. The displacement of the sovereign burden to decide to the pseudo-natural logic of risk pricing, however, helped create a new form of financial market sovereign in the form of the scientifically discriminating credit bureau, rating agency and the monetary-policy leviathan described by Mann.

Locke, while taking the question of sovereignty seriously, rejects the necessity of a figure “who decides the exception” as an absurdity, “as if when men quitting the state of nature entered into society, they agreed that all of them but one should be under the restraint of laws, but that he should still retain all the liberty of the state of nature, increased with power, and made licentious by impunity” (1988 [1698]:§93). From this Lockean perspective, then, the idea that the problem of sovereignty might be allayed by outsourcing the state’s role as an “impartial judge” in economic affairs
to the market becomes highly problematic if the market’s operation is deemed unjust and a threat to the people’s wellbeing.

This Lockean frame fits well with the arrangement of rights and responsibilities implied by FC discourse. FC functions as a Lockean claim to an undermined set of natural (human) rights made against the backdrop of an increasingly Hobbesian system of financial sovereignty. FC’s financialized reinterpretation of Locke provides a basis for both a responsibilized financial system and a radical grievance on behalf of the “financially excluded”. To claim financial inclusion as a right is to reject the version of impartial judgment provided by credit bureaus and credit scoring algorithms. FC discourse declares that the market and the financial system have failed in their state-like responsibility to serve as an impartial judge and equal protector of the lives, liberties and estates of the people. This failure is demonstrated by the lives of the “excluded”, whose day-to-day interactions with the financial system “erode[s] their wealth, constrain[s] their options, or pre-commit[s] their future cash-flows” (Dymski 2006:310). Between the lines of FC discourse is a declaration made on behalf of the financially excluded: “include us, give us our financial rights; live up to your end of the social contract, or else!” Unfortunately, this Lockean response to the tyranny of financial market sovereignty overestimates the plasticity of financial logics, the applicability of liberal notions of social contract to finance, and the ability of financial institutions to underwrite the rights that FC demands.

**Limits to the Institutionalization of Rights**

There are several tensions operating in FC discourse between the conceptions of “basic” or “human” rights, and rights that are contingent, such as citizenship rights, conferred based on special qualifications (e.g. birth place). This distinction between the “Rights of Man [sic]” and the rights of the citizen is a very old one. Despite its familiarity, for Leyshon and Thrift financial citizenship is a claim to “basic human rights”, not to citizenship rights. This conflation is not without purpose or historical precedent, however. The secret to the complementary operation of these two categories of right lies in their occupation of different ontological niches.

To posit the existence of human, natural, or intrinsic rights is to suggest that rights can exist independently of their codification in law, or enforcement by human institutions—they are presocial, prepolitical and inhere to all humans, *ipso facto*. This idea, exemplified by Locke’s state of nature, that even when stripped of all attachments to collectivity—state, family or tribe—people remain rights-bearers is a mixture of naivety and recklessness. As Arendt (2001 [1951]) poignantly reminds us, the twentieth century’s experiments with statelessness display with disturbing clarity that liberation from the “encumberments” of polity make us too easily reduced to “the scum of the earth” without the consolations of freedom and autonomy promised by Locke’s state of nature to fall back on.

While faith in natural rights as a lower-bound beneath which the human condition cannot sink may be utopian, not all invocations of human rights commit the same error. For Sen (2009) human rights are simply an ethical claim, and following Hart (1955), he suggests that human or “moral” rights—while not necessarily describing actually existing rights—are nevertheless the “parents of law” and, therefore, often
precursors of future rights (Hart 1955; Sen 2009). In other words, human rights are a claim that things should be otherwise—that legislation should be enacted, institutions founded, hearts and minds changed, etc, so that aspirational rights can grow into actual rights (i.e., rights codified in law or at least in custom). This model of rights development goes a long way to explaining the rhetoric of FC. Far from conflating two distinct categories of rights—citizenship and human—FC seeks to induce new “citizenship rights” by leveraging the idea of “human rights”. If financial rights are akin to human rights and yet they are denied to the financially excluded, then something must be done. What this something should be is open to debate, but using Hart’s “parental” model of rights as our guide suggests that aspirational financial rights ought to become the formal rights of the financial citizen.

In this sense, FC discourse’s invocation of human rights is a gamble that the institutions necessary for the protection of a hypothetical class of financial rights either already exist, or can be brought into existence. In addition to assuming that such institutions can be feasibly developed, FC discourse assumes that once these institutions are in place they will endow newly minted financial citizens with rights that inoculate them against the marginalizing effects of the financial system’s operation. In other words, it assumes it is a lack of financial rights that lies at the root of financial marginality. This rights-based ordering of the experience of financial marginality proffered by FC discourse implies that marginality is caused by exclusion and can be cured by an inclusionary institutional fix. This strategy of making distributional social claims by tying an exclusion-based etiology of poverty to a set of unrealized rights is not new. In the next section, I explore how the nineteenth century English working-class suffrage movement used citizenship rights to make distributional social claims by appealing to a similar rights- and exclusion-based etiology of poverty. This historical example provides insight into the applicability of the language of exclusion and citizenship to economic marginalization in contemporary financial capitalism.

Rights, Inclusion and Social Control

Both the right to vote and the “right to finance”, by fixating on a certain form of “inclusion”, lose sight of a deeper politics of social control. In the case of FC, this fixation manifests itself in a misrecognition of the financial system as a feasible source of rights; or more precisely, a misrecognition of the financial system as a viable institutional guarantor for a set of rights capable of remedying the marginalizing effects of the forms of discrimination on which the selfsame financial system structurally depends.

In his 1854 History of the Chartist Movement, R.G. Grammage provides a concise interpretation of the causes of working-class poverty:

The masses look to the enfranchised classes, whom they behold reposing on their couch of opulence, and contrast that opulence with the misery of their own condition. Reasoning from effect to cause there is no marvel that they arrive at the conclusion—that their exclusion from political power is the cause of our social anomalies (Grammage 1854, cited in Jones 1983:100).
For Grammage the causes of working-class misery were rooted in the corruption of political institutions not in the structural dynamics of capitalist exploitation. The economy was viewed as a neutral mirror of political corruption—the true source of working-class suffering. The sources of economic inequality—monopolies in land and capital—were not the economic system, but “artificial laws” created by political monopoly (Jones 1983:110). This juxtaposition of the “artificial” and the “natural” was a powerful trope that fell in line with Smithian and Lockean understandings of the world. From Locke’s natural right to the property produced with one’s own hands and Smith’s depiction of the naturally neutral workings of the market, it was a short step to a belief that inequality was produced by a divergence between natural and artificial rights (Jones 1983:135). Corrupt legislatures controlled by “idle” classes produced laws inconsistent with the laws of nature and property rights that were artificial, allowing the undeserving to accumulate wealth. The source of the “productive” class’s poverty was the “idle” enfranchised class’s usurpation of its natural right to the value of what it produced through the imposition of “artificial” laws. The antidote to these “artificial” laws and the “fictitious” prices of a politically dominated exchange process was the vote.

Much like FC discourse, the writings of nineteenth century working-class radicals indentified the cause of marginality as exclusion from access to institutions controlling their livelihoods, which in turn diminished their capabilities and denied them more basic natural-cum-human rights. Equality of citizenship was impossible until “men”—instead of “bricks, mortar and dirt”—were represented in parliament (pamphleteer cited in Thompson 2001:170). Notwithstanding this obvious truth, as long as the contradictions and exploitations of the capitalist economy were viewed wholly as the product of the legislative process, the vote remained a panacea for “the miserable, so-called ‘free-born’ Englishman”. In the face of a determinate adolescent industrial capitalism, the struggle for the vote could never be more than a proxy battle in a broader war for control over the conditions of life and labour. Nevertheless, faith in the salvic potential of the institution of the franchise was not completely misguided. The franchise’s connection to working class control of legislation affecting their everyday lives was very real (eg Poor Laws, the Factory Acts, etc). Working-class radicals did not err in their identification of the franchise as an institution capable of securing other rights, but erred in their assessment of the magnitude of social control that the right to vote could provide. In short, they were asking too much of an institution that could plausibly provide a foundation for expanded rights.

FC discourse errs in regard to both the institutions from which it chooses to claim rights and in its assessment of the quality of control those rights might provide to their bearers. Financial rights and deeper “inclusion” in the financial system do not necessarily lead to greater social control over one’s everyday life, or even greater financial security. What I call “the institutional error” in critiques of today’s financial system originates in a diagnosis of financial marginality—reminiscent of nineteenth century radicals—as almost entirely a matter of regulatory capture by the financial sector, and regulatory failure by state agencies. This understanding of the financial causes of growing disparity is exemplified by current US debates over consumer financial protection. Elizabeth Warren, the vocal Harvard Law professor,
head of the Congressional Oversight Panel on the Toxic Asset Relief Program, and architect behind the new Consumer Financial Protection Bureau, is perhaps the most articulate spokesperson for this position. The picture painted by Warren is one in which “the rules American families have played by are not the same rules that govern Wall Street”, “huge banks feast off the middle class” (Warren 2009), and their lobbyists thwart efforts to give it a fighting chance by “stick[ing] a knife in the ribs” of the regulators trying to level the playing field. Beneath this rhetoric, though, is a belief that credit products can be as “safe” as any other product, and “should be thought of...like toasters and lawnmowers, and their sale ... regulated to] meet minimum safety standards” (Bar-Gill and Warren 2008:6). For Warren the prescription is clear: insulate regulators from lobbyists, enact regulations to prevent lenders from exploiting information asymmetries and consumer irrationality, and rest assured, well padded consumers will confidently embrace once frightening financial products, promoting vigorous competition, efficient markets, and Pareto improvements in social welfare. This understanding of the relationship between middle-class financial hardship and the state is a familiar one. Fairness in financial markets is impossible as long as the interests of Wall Street lobbyists instead of middle-class consumers are represented in Congress. Financial markets are simply neutral mirrors of the corruption wrought by the “quiet coup” of America’s reemergent “financial oligarchy” (Johnson 2009).

While FC discourse is less sanguine about the efficiency of markets, the rhetoric of financial rights and market/regulatory failure both commit a similar “institutional error”—assuming that there is nothing fundamentally contradictory about the idea of safe financial markets. Unfortunately, by definition, there is no such thing as a risk-free, completely safe consumer financial product; risk itself is what is being bought and sold on financial markets.

Making Financial Products Safe, or Forming Safer Financial Subjects?

Financial markets can be made “safer” and the most predatory abuses of lenders can be partially ameliorated through regulation. Cheaper and “safer” access to financial services may increase the capabilities of those marginalized by the workings of financial capitalism. However, the pursuit of a kinder, gentler financial system complements efforts to more deeply integrate the poor into a financial mode of private government. Instead of lionizing inclusion, we need to ask whether the newly “included” will simply be subsumed by a financial mode of social regulation that more efficiently expropriates value from those it “includes”?

To clarify the stakes involved in this question, it is worth reflecting on the Tocquevillian distinction between the citizen and the subject. For de Tocqueville (2001 [1835]), to be a subject is to be subjugated, powerless and passive, while to be a citizen is to be the opposite, a self-governing individual with the power and liberty to act on one’s interests, goals and desires. The problem is that the types of power relations implied by this Tocquevillian, citizen–subject dichotomy poorly describe the ways in which finance functions as a form of government. Financialization has helped to blur the categories of inclusion/exclusion, citizen/subject, autonomy/
coercion to the point where they no longer map onto each other in straightforward ways (Cruikshank 1999).

The binary coding of membership implied by FC and its allusions to the discrete territorial space of the nation state, with its easy to recognize inside and outside, poorly describe the contemporary financial system. Being “inside” the financial system should not be confused as a position of greater financial autonomy and freedom. Indeed, in the lead up to the subprime crisis thousands of the middle-class households were taken in by JUMBO loans, and record numbers of the “well off” were forced to walk away from their million-dollar homes (Howley and Levy 2009). The financial system is only exclusionary in so far as its omnivorously inclusive appetite makes it prone to bouts of explosive indigestion. Historically financial inclusion rather than exclusion has been the more common source of moral anxiety. The wealth of nations was to be kept out of the hands of Smith’s “prodigals and projectors”, and the poor protected from predatory lenders by imposing boundaries on finance’s appetite for yield (Ashton 2009) and risk through interest-rate caps.

The same conclusion that simple inclusion should not be the goal of financial citizenship has been reached by Gary Dymski (2006:310), who prior to the 2008 crisis expressed concern over how financial markets were now “‘including’ the excluded with a vengeance”. Nevertheless, Dymski holds up the idea of financial citizenship as a way to address the forms of discrimination that the inclusion–exclusion dichotomy is insufficiently plastic to address. Presumably, then, in Dymski’s schema the rights of financial citizenship would not be rights of membership (in the sense implied by Leyshon and Thrift’s metaphor with the nation), but a special type of rights conferred on individuals by virtue of their marginality. The rights of “financial citizens”, conceived in this way, enable individuals to exist within the financial system in a state of exception—in violation of the system’s own logic and exempt from the cold rationality of risk pricing to which the better off are subjected. In this way, FC comes to resemble an inferior right and function similarly to sixteenth century systems of relief where those deemed sufficiently destitute were officially authorized to commit the otherwise illegal act of begging (Piven and Cloward 1993). Unfortunately, the financial system, unlike the decrees of monarchs, possesses a pseudo-natural logic of its own, which imposes very real constraints on the “state-like” responsibilities the financial system can shoulder, and on the “rights” it is agile enough to confer. For example, access to affordable credit cannot be universalized by forbidding risk pricing. To the extent that the most recent credit crunch was the fallout of the failure of financial models to accurately price risk, we have already glimpsed the likely consequences of securing positive financial rights by asking financial institutions to ignore the credit scores of their borrowers. This creates a quandary: despite the want of a kinder, gentler financial system, efforts to bring such a system to fruition through citizenship, inclusion, and rights may threaten the integrity of financial institutions as well as the broader economy, and deepen finance’s role in the regulation of everyday life, ceding further power over the distribution of resources to the determinate logic of risk pricing. Getting beyond this quandary requires a language for articulating the marginalizing effects of financialization that moves away from the binary of inclusion–exclusion that
citizenship cannot wholly escape, and toward a language more sensitive to the subjectivizing aspects of financialization.

**Citizens, Subjects, Population, Class**

Contemporary and historical visions of a more democratic, inclusive and equitable financial system commonly assume a population properly socialized to the ways of finance as a prerequisite. According to Alex Preda (2009), even nineteenth century French socialists Proudhon and Lefevre believed financial speculation could remedy social inequalities and proffered a system of national financial education that would make the something-from-nothing powers of the speculator available to all. In a similar vein, FC has been used as a slogan by financial literacy advocates who mourn record levels of personal debt as a social failure to instil a sense of pecuniary responsibility, and proper knowledge of financial products in the public. Presented in this way, the financial citizen is less the claimant of inalienable rights and more the addressee of an interpellative hailing to take responsibility for their financial illiteracy and to pathologize their financial marginality as a form of neurosis to be diagnosed and treated by financial councillors and coaches. Citizenship here becomes a subjectivizing force, where what Cruikshank (1999) calls the “will to empower” morphs into a subtle coercion which encourages individuals to produce themselves as financially governable subjects.

This section explores the implications of these subjectivizing forces and is based on three central premises. First, that financialization is tangled up with the process of subjectivization (French and Kneale forthcoming; Langley 2006, 2007, 2008, 2010; Marron 2007). Second, the process of financialization appears to feed off forms of statecraft open to the participation of private entities in what was once more clearly the state’s monopoly over what Bourdieu calls “legitimate symbolic force” (Brubaker and Cooper 2000:15). That is the “sovereign” authority to name, categorize and count, to decide who is “risky” and who is not; who is “prime”, “subprime” “Alt A” and verboten; who is banked and unbanked. Financialization has been attended by the emergence of new actors and mechanisms (eg credit scores, insurance premiums, etc) through which the self is linked to power. Put simply, financialization is usefully conceived of as the “roll out” of a new form of private “government”; government defined broadly in the Foucauldian sense to “encompass the multiple ways in which the self has become related to power” (Rose and Miller 1992). Third, the financially marginalized are from the perspective of the financial system an opportunity, a resource, and an untapped seam of value. This hard to specify population of opportunity gestured at with terms like “subprime”, “excluded” or “underserved” is also a barrier to the expansion of financially mediated forms of social regulation—a **terra incognita** of illegible and unmodelled risk. The negotiation of the tension between opportunity and barrier embodied by this population is central to the dynamics of financial subject formation. Although credit, debt and investment over the last 30 years have served as a means of social regulation, particularly attractive to states wishing to offload responsibility for economic outcomes to the market (Krippner 2011), the operationalization of this financial mode of regulation has been an uncertain and uneven one. This search for
new financial markets has converged with state efforts to govern at a distance to produce a new “subprime” financial subject.

**Neoliberal Governmentality, Subjectivization and Financial Exclusion**

To clarify this relationship between financialization, neoliberalism and “subprime” subject formation it is helpful to highlight one particular aspect of Foucault’s original treatment of neoliberal governmentality (Foucault 2008 [1979]). For Foucault, a key feature of neoliberal governmentality is its generalization of the economic form—that is, the application of the market to all domains of life. This generalization of the economic form is closely related to subjectivization as it seeks and assumes the universalization of *homo œconomicus*:

...that is to say, the person who accepts reality and responds systematically to systematic modifications artificially introduced into the environment. *Homo œconomicus* is someone who is eminently governable... *homo œconomicus* [is] the correlate of a governmentality, which will act on the environment and systematically modify its variables (Foucault 2009:270–271).

Foucault’s *homo œconomicus* is the ideal neoliberal/financial subject; however, universal conformity to this model is clearly not possible. The impossibility of a truly universal *homo œconomicus* suggests a binary coding of the neoliberal economic identity: *homo œconomicus* and its other. This “financial other” is simply *homo œconomicus* unable or unwilling to behave, to respond systematically to changes in its environment, or to perform the universally prescribed identity well enough to pass. As Langley (2007) reminds us, the performance of financial identities is rarely certain or smooth—“identification is a construction, a process never completed” (Hall; cited in Langley 2007:76). This is an issue I will come back to, but for now I want to make clear that what I am proposing is that the problem of financial exclusion is, from the perspective of neoliberal governmentality, a problem of being unable to conduct the conduct of particular populations (i.e. the financial other) in a manner which protects the security of the market. To overcome this problem, the financial other has become a site of education and reform; the target of an effort to produce a new category of financial subject, a new object of power/knowledge, who can be counted on to respond predictably to stimulus—a “subprime” *homo œconomicus*.

**From Discipline to Security**

Financial exclusion confronts neoliberal governmentality as a dilemma. A puzzle in which the state must simultaneously admit that there exists a group “too poor for debt, [but] too numerous for confinement” (Deleuze 1992:6), whose free participation in the market could impinge on its efficient operation or create problems for government, while steadfastly resisting the temptation to legislate and interfere with the liberty of the market, and in so doing, make itself liable for (unpopular) economic outcomes. Financial exclusion confronts neoliberal governmentality as a dilemma. A puzzle in which the state must simultaneously admit that there exists a group “too poor for debt, [but] too numerous for confinement” (Deleuze 1992:6), whose free participation in the market could impinge on its efficient operation or create problems for government, while steadfastly resisting the temptation to legislate and interfere with the liberty of the market, and in so doing, make itself liable for (unpopular) economic outcomes. How can the failure of markets to safely...
universalize themselves be addressed without infringing on the freedom of the market? How can the regulation of the banned be made laissez faire?

To understand the present moment of experimentation and institutional searching for ways to inoculate the financial system against such destructive and toxic subjects, I want to revisit Foucault’s distinction between discipline and security. For Foucault (1995), the aim of a disciplinary system is the exhaustive division of everything into the permitted and forbidden, and the obligatory assignment of prescriptions, prohibitions and rewards to every partition of time, space and action (Foucault 1995, 2007). Discipline is aimed at what Foucault called the “dissociable multiplicity”—at individuals—and seeks to produce bodies that “may be subjected, used, transformed, and improved” (Foucault 1995:136)—bodies that are docile. Discipline is the antithesis of laissez faire.

Discipline is oriented toward the docile body. Security is directed toward the “naturalness” of the population. The population “is a natural phenomenon that cannot be changed by decree” (Foucault 2009:71); it cannot be enclosed within the walls of an institution (eg the workhouse, the housing project, the prison, the school, the hospital, the factory, etc). The population is not a collection of subjects to be disciplined, but “a set of natural processes to be managed” (Foucault 2009:70). According to Foucault, the population constitutes a new political subject, a “collective subject absolutely foreign to the juridical and political thought of earlier centuries” (Foucault 2009:42). The correlate of this new political subject is a new technique of power, which uses knowledge of population dynamics to rationally act on the “penetrable naturalness” of the population (Foucault 2009:72).

In this context, the central task of government, and a prerequisite for the management of society, becomes “ensuring the security of the natural... processes intrinsic to population” (Foucault 2009:354). Regulation takes the form of apparatuses (dispositifs) that do no more than incline and dispose, and operate “through and by reliance” on the freedom of natural processes—the “natural” movement of prices, interest rates, credit scores and the circulation of both people and things. Here we have all the now familiar ingredients of what Foucault calls governmentality: “the ensemble formed by institutions, procedures, analyses and reflections, calculations, and tactics that allow the exercise of this very specific, albeit very complex, power that has population as its target, [the human sciences] as its form of knowledge, and apparatuses of security as its essential technical instrument” (Foucault 2009:108).

However, the appearance of apparatuses of security, population and governmentality in the eighteenth century did not cause extant systems of power to disappear. The emergence of governmentality gave birth to “a sort of double system” (Foucault 2009:352). On one side is discipline, the enclosure of disorder, illegality and irregularity within specialized institutions designed to produce docile bodies. On the other side is the collective subject, the “free range” subject who participates in a self-interested choreography directed by mechanisms of incentive regulation. Implicit in this double system is a division of society into those who do as the apparatuses of security dispose and incent, and those who will not or cannot, who are remedial or abnormal. This is not the division of society into two populations, but the division of society into the population and its other (Foucault
2009:44). An other composed of violators of a new social contract wherein those who elude the apparatuses of security fall out of the collective subject and remain the objects of discipline and intervention, to be coerced, to be punished or protected by the state, charities and other institutions (Foucault 2009).

Who are these violators when viewed through the lenses of financialization and neoliberal governmentality? They are the toxic financial subjects. Here again is the problem that financial exclusion presents to the extension of neoliberal governmentality: how can a collective financial subject be formed from a pool of toxic people, “too poor for debt”? How can it be managed at a distance? How can it be secured? Moreover, how can this new financial subject be produced under a regime of neoliberal government that has laissez faire as its hallmark and constantly obliges itself to ask whether it is governing too much? The answer is that the collective subject must produce itself. Homo subprimicus must be made through a process of self-help—a return on an investment in the enterprise of self.

Securing Homo Subprimicus Through Technologies of Inclusion

Cast in this light, financial inclusion becomes hard to distinguish from the end result of a successful process of financial normalization, making inclusion less about rights and more about “human capital” formation (Becker 1962). Giving the financial other the tools it needs to normalize and invest in itself, to earn greater financial enfranchisement, however, is not simply a matter of removing interest rate caps, standing back and allowing capital spill out to the nether regions of the financial system. The ambit of this financially mediated entrepreneurial mode of social regulation has been largely confined to those who belong to what Froud, Johal and Williams (2001) have termed the “fortunate forty” or “active investor-subjects” in Langley’s language, who are able to manage at least an awkward performance of the financial subject positions that they have been assigned.

This bounding of financial government to middle-class financial ecologies (French, Leyshon and Wainwright 2011) has been reframed as a technical problem of market completion (Ashton 2009). In other words, from the perspective of financial institutions the extension of financial government to new populations (or financial inclusion) is a problem of learning to insure against adverse selection and to manage information asymmetries in unfamiliar markets. Phillip Ashton (2009) points to several factors that have made the risks posed by certain borrowers more legible and tractable for financial institutions. In particular, technical innovations in credit and profit scoring have made it easier for lenders to scrutinize the formerly invisible underlying risk profiles of borrowers. Second, this new legibility has allowed firms to establish niches in loan products tailored to high-risk borrowers (Caskey 1996; Rivlin 2010). These firms specializing in the risk profiles of the “subprime” have gradually come to constitute a parallel financial system composed of predatory mortgage originators as well as a whole fringe financial industry offering a suite of products from payday loans, title loans and cash for gold to more recent developments in pooled chequing account substitutes, accessed through reloadable prepaid debit cards.
This inchoate subprime financial subject is the correlate of a specialized financial
governmentality—a *homo subprimicus* eminently governable by financial means. It
makes little sense to think of this new subprime subject as either excluded, included,
or the bearer of rights. It populates a market built by new technologies and rationales
that have made it possible to imagine and manage the poor in asset-like ways. For
financial capitalism to thrive and grow it must find ways to involve the poor. Indeed,
as Christian Marazzi (2011:39) argues, “in order to function, [financial] capitalism
must invest in the bare life of people who cannot provide any guarantee, who offer
nothing apart from themselves”.

### The Financial Government of Bare Life: Beyond Inclusion and Exclusion

The inadequacy of the language of exclusion and citizenship in the face of a
financial capitalism that invests in bare life in the hopes of summoning into being a
“subprime” *homo economicus* is further clarified by Agamben’s treatment of
biopolitics. According to Agamben (1998), turning “the biological fact that human
beings are a species” (Foucault 2007:1) into an object of political strategy confounds
the once stable Aristotelian distinction between political life (*bios*) and bare life (*zoe*)
(“the simple fact of living common to all living being”). For Aristotle the relationship
between these two kinds of life, *bios* and *zoe*, was relatively clear cut: to enter the
*polis* and participate in political life (*bios*) one needed to be qualified beyond simply
being alive (*zoe*). Those who are merely alive—uncultured brutes and barbarians—
were simply excluded from *polis*. For the political life in the *polis* to thrive, the baser
manifestations of human biology needed to be suppressed and/or excluded.

Biopolitics, for Agamben, totally reworks this Aristotelian mapping of inclusion
and exclusion onto bare life and political life. For Agamben one of the defining
features of the biopolitical is its transformation of bare life—formerly pushed to
margins of political life—into an active component of political life. Biopolitics turns
bare life from something that is a threat to *polis* into a tractable object of power.
In fact, political life in a biopolitical world, according to Agamben and Foucault,
depends on being able to access, understand and exploit the dynamics of bare life.
When bare life becomes the object of political life rather than its antithesis the realm
of bare life begins to “coincide with the political realm, and exclusion and inclusion,
outside and inside, *bios* and *zoe* [… ] enter into a zone of irreducible indistinction”
(Agamben 1998:9).

FC discourse’s depiction of the relationship between the financial system, and low-
income or credit constrained populations is locked in an Aristotelian framework. This
is problematic because the contemporary financial system does not thrive through
the exclusion of bare life, but increasingly lives and governs through it, but in the
contemporary cultural form of risk. Financial life seems to operate like Aristotle’s
*polis*; the financial system appears to depend on the exclusion of risk. It is tempting
to imagine those who are too risky to access mainstream financial products as
today’s equivalent of Aristotle’s barbarians excluded from some financial *polis* and
denied the rights of citizenship. However, in contrast to the Aristotelian schema,
where bare life plays no active role in the political life of the *polis*, in the financial
system, risk plays an extremely active role. Risk is arguably the central organizing concept for the financial system. It is the common substance by which the financial system measures value, and manages and governs itself.

If we cross into a biopolitical “zone of indistinction” the moment the excluded exception—bare life/risk—is activated and becomes the object of government, then the contemporary financial system is an ideal type of the biopolitical power described by Agamben. Effective government in this biopolitical sense depends not only on the exclusion of bare life or risk, but on access to it. Understanding risk, learning to read it, and to make it legible and tractable is essential if risk is to be made the object of political strategy, and a part of the apparatus of government. Both the expansion of financial government and financial “inclusion” depend on finding new ways of making risk tractable.

Presented in this way, the objectives and questions raised by the idea of FC appear to be less about inclusion and exclusion than about how risk and risky people ought to be governed in the contemporary politico-financial order. The problem to which FC attempts to respond is not so much the fragile position of the financially excluded, but the fact that so many have come to rely so wholly on a form of biosocial government (French and Kneale 2009), which seeks the “total closure” of an administered world where “rights” are always contingent and “we are all reduced to the status of objects of ‘biopolitics’” (Žižek 2002:100). From this perspective, “financial citizenship” and “inclusion” come to resemble fetishes wherein the effects of a purely administrative rationale based on some actuarial calculation (e.g. credit score) are confused for rights of financial inclusion. The reality is that we are all financial *homo sacer*—“included” in the financial order only in so far as we can be excluded without cost (“killed and yet not sacrificed”; Agamben 1998:8).

Perhaps the goal of an “after” financialization distributional politics should be less about bringing affordable finance to the risky, and more about politicizing the financial system’s cultivation of tractably risky populations. Financial “exclusion” needs to be reframed, not as a matter of social justice or basic rights, but as a problem of financial government—that is as a problem of conducting the conduct of risky populations without threatening the security and autonomy of financial markets.

**Conclusion**

FC amounts a claim to a position not yet represented within the financial order in the hopes of summoning into being a financial subject that is the bearer of rights—rights to financial services at non-premium prices—a financial citizen. This claim reflects a desire to make the seemingly inexorable financialization of all aspects of life fairer, kinder and gentler. While the policy mechanisms through which such an egalitarian mode of financialization might be instituted remain elusive, such efforts aim to make the performance of extant financial subject positions easier for those that are struggling to perform. Financial rights as “performance enhancers”, however, run the risk of doing little more than subsidizing the expansion of the financial industry, and the systems of social control and government that finance epitomizes.
Rights and citizenship claims pose no direct challenge to a financial system that encourages individuals to embrace risk and privately secure their livelihoods through savvy investment.

For Wright (2011:405) “effective citizenship depends upon a process of social inclusion as a member of a social and political community, for without such inclusion there can be no robust mechanism for translating formal rights on paper into substantive rights in practice”. More than just reiterating the Arendtian insight that rights are meaningless unless there exist entities capable and willing to defend them, Wright is suggesting that even rights in law (i.e. supported by legal institutions) are meaningless, unless there exist systems of social inclusion to transform rights in law into de facto rights. The causes of financial marginality are not merely institutional, and regulation cannot make financial products risk free. It may be inclusion and rights that the financially marginalized require, but not necessarily financial inclusion or financial rights. The rights of the poor, the marginalized or any social group only exist so long as they constitute themselves in a form that makes their defence possible. But how is this nascent population of *homo subprimici* to protect itself if not through claims to new financial rights?

In the context of an “after” financialization distributional struggle, this question is in urgent need of theoretical and empirical attention. Though some attention has been paid to class in the financialization literature, it has largely been focused on the growing power of an elite financial-rentier class, or middle-class savers feeding what Froud, Johal and Williams (2002) call the “coupon pool” by purchasing of stocks and bonds (French, Leyshon and Wainwright 2011). Comparatively little attention has been paid by critical financialization scholars to the ways in which financialization may or may not be affecting class processes at the lower end of the income distribution.

The ongoing processes of subprime subject formation, and the development of new biopolitical techniques and technologies for valorizing bare life are wrapped up with new systems of financially mediated value extraction, which extend well beyond the “factory gates” (Marazzi 2011). Between the familiar terrain of research on the conversion of labour into labour power, and post-structural sensitivities to the putatively non-capitalist class processes of the home and other “non-capitalist” spaces (Gibson-Graham 2006 [1996]), might critical scholars be missing an evolving set of alternative, capitalist class processes? If financialization has transformed the way capitalism works, then we should expect classed patterns of exploitation, domination, and subjectivization to change with it. Yet little attention has been paid to how financialization might be empirically explored through shifting dynamics of class. If the marginalizing effects of the financialization process are to be resisted, a collective movement of social protection will be required. We need a new collective idiom of identification if we are to effectively resist the individuating forms of self-understanding that give financialization its ideological power.

By confronting explicitly the connections and feedbacks among the processes of financialization, subject formation, and expropriation, the idea of a subprime “class” politicizes credit rationing and financial discrimination in ways that FC does not. In an economy where social relations are increasingly mediated by abstract notions of risk, the fuzzy line between good credit and bad credit takes on far
greater material significance to people’s everyday lives. The challenge for the future of distributional politics is to represent the significance of this divide in ways that promote an antagonism toward, and the politicization of—not just the effects of risk pricing—but the practice itself, and the systems of exploitation and subjectivization that produce and reproduce “too risky” populations.

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**Endnotes**
1 See Christophers (2012) for a skeptical appraisal of theories of financialization which infer structural changes in capitalism from national statistics on profit shares.
2 For detailed statistical measures and definitions of financialization see Krippner (2005, 2011), and Stockhammer (2004).
3 The term “neoliberal dilemma” is also used by Krippner (2007) with regard to US monetary policy.
4 This term refers to the top two quintiles of the income distribution.

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