

## WHAT IS AT STAKE?

*Normalcy—Never Again*

—MARTIN LUTHER KING JR.

“Normalcy, Never Again” is the title of the speech penned for an address to be delivered by Martin Luther King Jr. on the steps of the Lincoln Memorial on August 28, 1963. That day, however, Martin Luther King Jr. deviated from his “Normalcy—Never Again” text, instead improvising what is now known as the “I Have a Dream” speech.<sup>1</sup> I learned of the original, official title of his address on the very day of his birthday on January 15, 2009. Five days later, deeply conscious of King’s legacy and his dream on the Washington Mall, Barack Obama, only just anointed as the forty-fourth president of the United States, defined contemporary American history in terms of crisis: “We are in the midst of crisis.”<sup>2</sup>

Like King’s “normalcy, never,” Obama’s crisis is used to characterize a moment in history so as to mark off a new age, or what is characterized as a “journey.” This journey, defined by Obama in terms of “struggle” and “sacrifice,” is historical insofar as it pertains to an economic and political conjuncture. And yet, after giving an inventory of the historical facts of crisis—homes lost, jobs shed, businesses shuttered—Obama added a qualifier: “These are the indicators of crisis,” he said, “subject to data and statistics. Less measurable but no less

profound is a sapping of confidence across our land—a nagging fear that America’s decline is inevitable, and that the next generation must lower its sights.” He then concluded: “This is the source of our confidence—the knowledge that God calls upon us to shape an uncertain destiny.” Such knowledge in the face of uncertainty implies that the historical crisis entails, or perhaps constitutes, a transhistorical journey, being, as he insisted in his closing words, a matter of hope, promise, and grace: “With hope and virtue, let us brave once more the icy currents and endure what storms may come. Let it be said by our children’s children that when we were tested we refused to let this journey end, that we did not turn our back nor did we falter; and with eyes fixed on the horizon and God’s grace upon us, we carried forth that great gift of freedom and delivered it safely to future generations.” Crisis is a historical event as much as it is an enduring condition of life and even the grounds for a transcendent human condition.

Obama noted in his address that the lived experience of what is deemed “crisis” should not be reduced to an ensemble of socioeconomic indicators. He sought to convey to the American public that he would face their present conditions of life as entailing an *experience* of crisis. His secular narrative of human history is conjugated with a Christian narrative of witnessing. And yet it clearly echoes self-described secular accounts in the social sciences that attempt to relate the ways in which history can be characterized *as* crisis; the ways that social life can be said to be *in* crisis; and the ways that crisis becomes an imperative, or a device for understanding how to act effectively in situations that belie, for the actors, a sense of possibility (Mbembe and Roitman 1995). But here the question arises: if crisis designates something more than a historical conjuncture, what is the status of that term? How did crisis, once a signifier for a critical, decisive moment, come to be construed as a protracted historical and experiential condition? The very idea of crisis as a condition suggests an ongoing state of affairs. But can one speak of a state of enduring crisis? Is this not an oxymoron?

In reflecting upon the status of this term as the most common and most pervasive qualifier of contemporary historical conditions—and manner of denoting “history” itself—this book sets the stage for a gen-

eral inquiry into the status of “crisis” in social science theory and writing and therefore offers a departure, not a resolution.<sup>3</sup> In what follows, I am not concerned to theorize the term “crisis” or to come up with a working definition of it. Rather than essentialize it so as to make better use of it, I seek to understand the kinds of work the term “crisis” is or is not doing in the construction of narrative forms. Likewise, I am not concerned to demonstrate that crisis signifies something new in contemporary narrative accounts or that it now has a novel status in a history of ideas. I will not offer a review of the literature on crisis, nor will I show how contemporary usages of the term “crisis” are wrong and hence argue for a true, or more correct meaning.<sup>4</sup>

What I will consider is how crisis is constituted as an object of knowledge. Crisis is an omnipresent sign in almost all forms of narrative today; it is mobilized as the defining category of historical situations, past and present. The recent bibliography in the social sciences and popular press is vast; crisis texts are a veritable industry.<sup>5</sup> The geography of crisis has come to be world geography CNN-style: crisis in Afghanistan, crisis in Darfur, crisis in Iran, crisis in Iraq, crisis in the Congo, crisis in Cairo, crisis in the Middle East, crisis on Main Street. But beyond global geopolitics, crisis qualifies the very nature of events: humanitarian crisis, environmental crisis, energy crisis, debt crisis, financial crisis, and so forth. Through the term “crisis,” the singularity of events is abstracted by a generic logic, making crisis a term that seems self-explanatory. As I hope to make clear in what follows, crisis serves as the noun-formation of contemporary historical narrative; it is a non-locus from which to claim access to both history and knowledge of history. In other words, crisis is mobilized in narrative constructions to mark out or to designate “moments of truth”; it is taken to be a means to access historical truth, and even a means to think “history” itself. Such moments of truth are often defined as turning points in history, when decisions are taken or events are decided, thus establishing a particular teleology. And similarly, though seemingly without recourse to teleology, crisis moments are defined as instances when normativity is laid bare, such as when the contingent or partial quality of knowledge claims—principles, suppositions, premises, criteria, and logical or causal relations—are dis-

puted, critiqued, challenged, or disclosed. It follows that crisis is posited as an epistemological impasse and, as we will see below, is claimed to found the possibility for other historical trajectories or even for a (new) future.

Barack Obama invoked the revelatory power of crisis in this way: as a moment that reveals truth, the crisis denoted by the limits—or “bursting”—of the so-called financial bubble divulged alleged “false value” and offered the hope of reestablishing or relocating “true value,” or what we like to think of as the fundamentals of the economy and the proper trajectory of history, both being dependent on adequate knowledge claims. As a category denoting a moment of truth in this way, and despite presumptions that crisis does not imply, in itself, a definite direction of change, the term “crisis” signifies a diagnostic of the present; it implies a certain telos because it is inevitably, though most often implicitly, directed toward a norm. Evoking crisis entails reference to a norm because it requires a comparative state for judgment: crisis compared to what? That question evokes the significance of crisis as an axiological problem, or the questioning of the epistemological or ethical grounds of certain domains of life and thought.

This book inquires into the significance of crisis in-and-of-itself. Instead of starting with particular crises—the crisis of Africa, the financial crisis, the crisis of subjectivity, the neoliberal crisis—and then rushing to explain their causes and fundamentals, I first ask questions of the concept of crisis itself.<sup>6</sup> To do so, I explore how we think crisis came to be a historical concept: I ask how crisis achieves its status as a historico-philosophical concept and I ask how we practice that very premise in narrations of history and in the determinations of what even counts as history. To explore the orthodoxy of crisis—the conventional historiography of the term and its consequential practice—I take an impudent and somewhat puzzling step. In the pages that follow, we meet up with Reinhart Koselleck and Robert Shiller, Thomas Hobbes and David Harvey, John Locke and Michael Lewis, the Masonic lodges and the hedge fund managers. We shift from prophecy and prognosis to risk-based pricing and adjustable rate mortgages, from epochal consciousness to asset bubbles, from judgment and critique to foreclosures and forbearance. We move between the concep-

tual history of crisis and the practice of crisis analysis, from historiography to contemporary financial history. There is no rush to explain the crisis. Instead, what follows is a deliberate review of the conventional account of the emergence of crisis as a historico-philosophical concept and examination of how that concept is therefore practiced in contemporary accounts of financial crisis, permitting and enabling certain narrations and giving rise to certain questions, but not others.

While most financial analysts and homeowners are not necessarily aware of the historico-philosophical status of the term “crisis,” this book indicates that the lines drawn between academic and popular crisis narrations are not as bold as is presumed. This book attempts to erase, or at least lighten, those lines. It does so by putting on par academic analyses of financial crisis and so-called popular accounts of financial crisis. In 2007–9, accession to crisis—or credence in the claim that “this is crisis”—led to a frenzy of academic analyses, which included economists, sociologists, political scientists, historians, and anthropologists, all attempting to explain “the crisis.” It likewise inspired a host of journalistic and novelistic accounts of the financial crisis of 2007–9.<sup>7</sup> A cross-reading of these literatures gives insight into how the technical “facts” of the financial crisis become folk wisdom or, better, tacit knowledge—and this, despite the “mutually inconsistent narratives” that can be gleaned from the dizzying variety of accounts (Lo 2012). Indeed, the very distinction between expert and lay relies on stable subject positions that are not tenable. Where, for instance, do we draw the lines between experts and laypersons, academics and commoners? Accountants and corporate managers are not necessarily academic economists, but are they considered laypersons with respect to financial analysis? Are lawyers, engineers, and mathematicians working in private nonfinancial firms or laboratories to be considered laypersons in contrast to academic economists and financial analysts? Are economic anthropologists housed in universities laypersons in relation to their colleagues in economics departments?

One might reply that the real laypersons are those holding mortgages, those who have been foreclosed upon. But even here, the dark line drawn between academic and lay must be blanched. In his brilliant, carefully crafted elaboration of an anthropology of the contem-

porary, Paul Rabinow explains and illustrates the “mode of adjacency” necessary to anthropological inquiry, the goal of which is “identifying, understanding, and formulating something actual *neither by directly identifying with it nor by making it exotic*” (2008, 49, my emphasis). He notes the disjuncture between “those authorized to pronounce prescriptive speech acts” and those who are not—between, let’s say, financial analysts and journalists, on the one hand, and homeowners, on the other. And he concludes (79): “Thus, while many of the serious speech acts about the moral landscape are produced by actors who are reflective about their own positions, the anthropologist can approach their discourses and practices like those of any other. Theorists, philosophers, ethicists, scientists, and the like can thus qualify for inclusion in the category that used to be called ‘natives.’”<sup>8</sup> While the present book is not based on anthropological fieldwork of the practitioners of crisis analysis, it takes its cue from Rabinow’s sense of “untimely work.” I suspend judgment about expert claims to crisis so as to see how those very (expert) claims and (lay) accession to those claims serve not radical change, as expected with crisis, but rather the affirmation of long-standing principles, thereby precluding certain thoughts and acts, such as the *outright refutation of the very idea of foreclosure* as a germane or valid concept and action. This book tacks between the historiography of the concept of crisis and recent interpretations of what is now known as the subprime mortgage crisis, excavating the epistemological bases for certain claims (“this is crisis”) and reflecting upon how those claims engender certain types of action or practice (devaluation, foreclosure) and not others (human protest-chains around homes, the denial of the very legibility of the terms “foreclosure” and “forbearance”). In that way, this book is out of synch with the “hyperoccupied lives” (Rabinow 2008, 47) of those producing feverish crisis pronouncements, urgent crisis analyses, and clamorous crisis pamphlets—out of step with those seeking to manage or overcome the crisis.

Both Martin Luther King Jr. and Barack Obama attempt to inaugurate new historical times with reference to the concept of crisis. The re-

demptive and utopian quality of their historical narrations speaks to the normative and teleological nature of the concept of crisis, which, taken to be the grounds for both the human sciences and critique, is likewise construed as the grounds for transformative action, as will be made clear below.

The following account of the ways in which crisis is conceived as a historical concept—as both a particular entry point into history and as a means to reveal historical truth—makes clear how crisis is posited “as” history itself. In other words, in the social sciences, when history is taken to be immanent to social relations, crisis serves as the term that enables the very elaboration of such history. This founding role of the concept of crisis in social science narration and in the constitution and elaboration of history itself is set forth by the late German historian Reinhart Koselleck, author of perhaps the only conceptual history of crisis, which thus serves as the authoritative historiography. As I outline in detail in the chapters that follow, Koselleck provides an illustration of the temporalization of history, or the emergence of “history” as a temporal category. He attributes the emergence of the category of history as a temporality to the concomitant displacement of the term “crisis,” arguing that, by the end of the eighteenth century, crisis is the basis for the claim that one can judge history by means of a diagnosis of time. Koselleck likewise maintains that both this claim and this judgment entail a specific historical consciousness—*a consciousness that posits history as a temporality upon which one can act*. For this historical consciousness, crisis is a criterion for what counts as “history”; crisis signifies change, such that crisis “is” history; and crisis designates “history” as such. In this way, crisis achieves the status of a historico-philosophical concept; it is the means by which history is located, recognized, comprehended, and even posited.

I take Reinhart Koselleck’s remarkable conceptual history of crisis to be indicative of the practice of the concept of crisis. His account of how crisis achieves status as a historico-philosophical concept likewise illustrates the practice of the premise of crisis, or how it serves a set of interlocking determinations: what counts as an event, the status of an event, the qualification of history itself, and the basis of narration. I refer to Koselleck’s conceptual history on two registers: as

the orthodox historiography of the term and as an account that, itself, partakes of a conventional practice of historiography, which presupposes criteria for what counts as an event and premises as to what can be narrated—or the means to distinguish between “a properly historical account of reality and a nonhistorical or ahistorical or antihistorical account” (White 2002, xii). Less concerned with the question of whether or not Koselleck’s rendering of the emergence of historical consciousness is correct or accurate, I dwell instead on the question of *how the term “crisis” is posited* as fundamental to this very idea of historical consciousness and to a metaphysics of history. My point is not that crisis is false or merely a constructed basis for narration; my aim is to raise questions about the status of the concept of crisis as a founding term for the elaboration of “history” per se—history being the ultimate locus of significance and the ontological status of historical temporality being taken for granted. In its practice, as we learn from Koselleck, crisis is figured as judgment: judging time in terms of analogous intervals and judging history in terms of its significance. But it equally serves expectations for world-immanent justice, or the faith that history is the ultimate form of judgment. I ask herein—inspired by Koselleck and yet putting the question to him, as well: what is the burden of proof for such judgments?

By way of response, I consider the forms of critique that are necessarily engendered by crisis narrations. Critique and crisis are cognates, as Reinhart Koselleck (1988) reminds us: crisis is the basis of social and critical theory. Being bound to its cognate (critique), the concept of crisis denotes the prevailing and fairly peculiar belief that history could be alienated in terms of its philosophy—that one could perceive a dissonance between historical events and representations of those events. Crisis-claims evoke a moral demand for a difference between the past and the future. And crisis-claims evoke the possibility for new forms of historical subjectivity, transpiring through determinations of the limits of reason and knowledge. That is, crisis, or the disclosure of epistemological limits, occasions critique. This desire for (temporal) difference is described by scholars new and old as a moral task or an ethical demand, being based on a perceived discrepancy between nature and reason, technical developments and



moral positioning, knowledge and human interests, constituted categories and epistemological limits, or a critical consciousness of the present state of affairs.<sup>9</sup> No matter its quality, the discrepancy is taken to be an aporia; it establishes the formal or logical possibility of crisis. And in all cases, both prognosis and the very apprehension of history are defined by the negative occupation of an immanent world: *what went wrong?* For critical historical consciousness—or the specific, historical way of knowing the world has “history”—historical significance is discerned in terms of epistemological or ethical failure. Without an inviolate transcendental realm—God, reason, truth—from which to signify human history, or because observation takes place from within immanence, we effectively assume a negative occupation of the immanent world.<sup>10</sup>

By excavating the crisis term in the critique-and-crisis cognate, by marking their co-constitution, I hope to draw attention to the means by which crisis serves as a distinction or transcendental placeholder in the occupation of an immanent world. In the words of William Rasch (2002, 20), inspired by Niklas Luhmann, “In a world where descriptions proliferate and faith in the authority of reason has gone the way of faith in the authority of God, contingency becomes the transcendental placeholder.”<sup>11</sup> As we will see below, crisis serves as a transcendental placeholder because it is a means for signifying contingency; it is a term that allegedly allows one to think the “otherwise.” Though not concerned with the term “crisis,” Rasch presents my point of departure clearly: “If . . . moral codes (commandments), Holy Scripture, papal and royal edicts, and the voice of prophets and visionaries no longer deliver direct evidence of the transcendent realm, but rather become historicized and seen as socially constructed artifacts, the task of reclaiming authority must be negotiated within the domain of an immanence that has been loosed from its transcendent anchorage. The world is as it is, but it could be otherwise. *How that ‘otherwise’ is to be thought* becomes the ‘quasi-transcendental’ task of an immanence trying to think itself” (Rasch 2000, 130, my emphasis). The concept of crisis is crucial to the “how” of thinking otherwise. And as a term that serves the practice of unveiling supposed underlying contradictions, or latencies, it is a distinction that transcends oppo-

sitions and dichotomies. Therefore, this book designates anti-crisis: there is not “crisis” versus “noncrisis,” both of which can be observed empirically; rather, crisis is a logical observation that generates meaning in a self-referential system, or a non-locus from which to signify contingency and paradox.<sup>12</sup> And the judgment of crisis is necessarily a post hoc interrogation: what went wrong? Crisis is posited as an a priori; the grounds for knowledge of crisis are neither questioned nor made explicit. And hence contemporary narratives of crisis elude two questions: How can one *know* crisis in history? And how can one *know* crisis itself?

Crisis is a historical “super concept” (*Oberbegriffe*) (Koselleck 2006, 392) that, to my mind, raises questions rather than facilitating answers. If crisis denotes a critical, decisive moment, or a turning point, does this not imply a certain philosophy of history? And what does it take to posit the very idea that meaning or thought can be in a state of crisis? Moreover, when crisis is posited as the very condition of contemporary situations, is it not the case that certain questions become possible while others are foreclosed? This book explores these questions.

To do so, we embark on a trek over the anxious terrain of crisis narration. This trek is one of observation: we observe how academic and nonacademic observers themselves observe economic and financial actors, both human and technical, which they locate, define, and interpret as having produced crisis. We observe, then, the blind spot of second-order observation. Moreover, through this survey of the practice of crisis in contemporary narrations of “the 2007–9 financial crisis,” we see how accession to crisis engenders certain narrations and note how the term enables and forecloses various kinds of questions. Through this review of a host of recent narratives of financial crisis, I am not seeking to establish the relative veracity of these accounts; I am not interested in whether or not certain purported explanations of “the crisis” are more or less tenable. Although I do explore questions relating to the production of value and risk, and the status of subprime and houses, I do so only insofar as these terms

constitute the grammar of financial crisis narratives. The point of this grand tour of crisis narratives is not to determine the best way to decipher the crisis or to establish who “got it right” in recent analyses. The point is to demonstrate how the term “crisis” establishes the conditions of possible histories and to indicate how it is a blind spot in social science narrative constructions.

We thus take a journey through a wide-ranging array of interpretations, each of which claims a particular tradition: liberal economy, neo-Keynesian, neo-Marxist, cultural studies, and cultural economy. All proceed from the question, what went wrong? All search for origins, sources, roots, causes, reasons . . . none waver in their faith in crisis, a term that is posited without question or doubt. All seek to demonstrate deviations from the proper course of history and distortions in human knowledge and practice—the discrepancy between the world and human knowledge of the world. Crisis signifies a purportedly observable chasm between “the real,” on the one hand, and what is variously portrayed in the accounts reviewed below as fictitious, erroneous, or an illogical departure from the real, on the other. The chasm signifies a supposed dissonance between empirical history and a philosophy of history—between truly grounded material value, on the one hand, and hypothetical judgments and evaluations, on the other.<sup>13</sup> What is at issue is our alienation from history and the potential for revelation of true value and the true significance of events—of redemption, emancipation, deliverance. I ask: how can we claim to represent that chasm? What is the basis of a claim to know the locus of our alienation from underlying value, from material value, from real value, from truth value?

To conclude this expedition over the terrain of crisis narration, I put a set of particularly pragmatic questions to the narratives that I review herein: When does a credit (asset) become a debt (toxic asset)? How do we distinguish the former from the latter? *At what point* do houses figured as equity become figured as a debt? *At what point* do subprime mortgage bonds transform from an asset to a liability? And the ultimate question: When does the judgment of crisis obtain? We see, by putting these questions to contemporary crisis narratives, how crisis, in itself, cannot be located or observed as an object of first-

order knowledge. The observation “money” is a first-order observation based on a distinction (money/not money); the statements “I lost money” or “Lost money is a crisis” are second-order observations. A first-order observation (money) does not indicate how the distinction (money/not money) was made; and the distinction (how the observation was made) is necessarily the object of a second-order observation.<sup>14</sup> But taking note of crisis as a distinction, or as a second-order operation, does not amount to denying crisis. *The point is to take note of the effects of the claim to crisis, to be attentive to the effects of our very accession to that judgment.* Crisis engenders certain forms of critique, which politicize interest groups. This is a politics of crisis. Would not crisis, if it effectively obtained, engender not merely critique of existing relations and practices, but rather occasion the reorganization and transformation of the very boundary between “the economic” and “the political,” and, more significant, the transformation of the *very intelligibility* of constitutive terms, such as “debt,” “liquidity,” and “risk”? In assuming crisis as a point of departure, we remain closed off in a politics of crisis. We can ask, echoing the Occupy Wall Street movement, who should bear the burden of fading prosperity? But other constitutive questions, related to the production of effective practice, remain unarticulated, such as, how did debt come to be figured as an asset class in the first place?

To answer this latter question, I turn to the few studies of the production of value through market devices and financial infrastructures that help us to account for the *efficacy of economic and financial practices*, which sustain the production of value—*figured as debt*. Here, instead of financial crisis due to irrational speculation, corrupt culture, erroneous policy, faulty regulation, defective models, missed forecasting, or systemic failure and underlying contradictions, we have an accounting of specific practices and the production of positive—or, better, practical—knowledge, such that the claim to crisis becomes a particular (political) solution to what is declared a problem for certain domains of life. These rare observations of the production of economic and financial value without positing crisis help us to grasp how “crisis” is less a claim about error in valuation than a judgment about value. But noncrisis accounts cannot be taken as distinct “alternative”

narrations insofar as they do not provide evidence against “X account of crisis” so as to prove or affirm “Y account of crisis.” In that sense, my turn to these accounts is a thought experiment: this exercise explores the grounds of narrative without crisis, but these are not alternative explanations because crisis is not their object. Doubtless, this thought experiment risks reproducing the “problem of meaning”—or the belief that there is a discrepancy between history and representations of history—insofar as it raises the possibility of narrating history otherwise.<sup>15</sup> But here I want to underscore that critique and crisis are cognates, and so want to bring to our attention the forms of critique engendered by crisis narratives. We see that these forms of critique rest on assumptions about how categories like “the market” or “finance” *should* function and therefore generate conjecture about how deviations from “true” market or financial value were produced; they do not account for the ways that such value is produced in the first place. In other words, when crisis is posited as an *a priori*, it obviates accounts of *positive, pragmatic* spaces of calculative possibility. I therefore raise the possibility of noncrisis narratives and explore how possible, alternative narratives about houses and their worth might be generated without recourse to a “sociology of error” (Bloor 1991, 12), without constructing a post hoc narrative of denunciation or post hoc judgments of deviation and failure.<sup>16</sup>

Ultimately, I invite the reader to put less faith in crisis, which means asking what is at stake with crisis in-and-of-itself. “Crisis” is a term that is bound up in the predicament of signifying human history, often serving as a transcendental placeholder in ostensible solutions to that problem. In that sense, the term “crisis” serves as a primary enabling blind spot for the production of knowledge. That is, crisis is a point of view, or an observation, which itself is not viewed or observed. I apprehend the concept of crisis through the metaphor of a blind spot so as to apprehend crisis as an observation that, like all observations or cognitions, does not account for the very conditions of its observation.<sup>17</sup> Consequentially, making that blind spot visible means asking questions about how we produce significance for ourselves. At least, it means asking about how we produce “history.” At most, it means asking how we might construct accounts without dis-

cerning historical significance in terms of ethical failure. Thus we might ask: what kind of narrative could be produced where meaning is not everywhere a problem?<sup>18</sup> An answer to that question, no matter how improbable, as we will see below, requires, as a first, inaugural step, consideration of the ways in which crisis, as an enabling blind spot for the production of knowledge, entails unremitting and often implicit judgment about latencies, or errors and failings that must be eradicated and, evidently hopefully, overcome.