Governing Confidence: Rhetoric, Affect, and Post-Crisis Financial Education

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Governing Confidence:
Rhetoric, Affect, and Post-Crisis Financial Education

A Dissertation
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Abstract

The 2007-08 financial crisis has been characterized as a “crisis of confidence” (Akerlof & Shiller, 2009), a span of time during which the non-discursive energy needed to compel Americans towards profit-producing decisions evaporated. Amidst this decline, the US lost its competitive edge in the global marketplace. Initial responses to the crisis by national leaders failed, triggering a revision to reasoning that resulted in a new argument taken up by central government: the lack of financial knowledge experienced by the majority of US citizens led to a population of ignorant decision makers lacking the confidence needed to take the risks necessary to propel the country’s economy forward.

According to the problematization, the solution necessary was the revision of the country’s financial education curriculum. Embracing this argument, both Presidents Bush and Obama called for the development of councils that would evaluate the status of financial education and use that information to recommend changes to the discourse of financial education in the future. This dissertation uses Foucault’s (1991, 2007, 2008) theory of governmentality alongside the affect scholarship of Brennan (2004) and Grusin’s (2010) work on the digital mediation of affect to examine these arguments and the technologies of governance they produced that would motivate US citizens to take control of their financial situations through actions made with confidence that would benefit these individual decision makers as well as the US economy.

Keywords: rhetoric, confidence, governmentality, affect, financial education
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Chapter One: Introduction

On Thursday, May 17, 2007 Federal Reserve chairman Ben Bernanke addressed those in attendance at the Federal Reserve Bank of Chicago’s 43rd Annual Conference on Bank Structure and Competition. The topics of the Chairman’s speech included the subprime mortgage market, regulation of subprime lending, and the possible impact of subprime home loan defaults on the US economy. Prior to Bernanke’s address national home sales had slowed and the number of mortgage defaults had increased. His speech was meant to settle nerves:

We are likely to see further increases in delinquencies and foreclosures this year and next as many adjustable-rate loans face interest-rate resets. All that said, given the fundamental factors in place that should support the demand for housing, we believe the effect of the troubles in the subprime sector on the broader housing market will likely be limited, and we do not expect significant spillovers from the subprime market to the rest of the economy or to the financial system (Bernanke, 2007, para. 25).

In hindsight, Bernanke’s comments missed their mark. The events that unfolded in the 18-plus months after the speech proved all of his predictions false: subprime lending crippled mortgage companies and commercial banks who could no longer lend to “prime” homebuyers because of a lack of capital caused by nonexistent subprime loan payments; the subprime loans purchased by investment banks from lenders and packaged into securities (synthetic collateralized debt obligations or CDOs) lost value once loans went bad; and banks that had not protected themselves with insurance (credit default swaps) or had decided to invest in packaged risk themselves were left with toxic assets,
diminished capital reserves, and an inability to effectively partake in interbank market activity (trading between large banks and other financial institutions).

The spillover from this market to the economy at large was certainly significant, especially as credit markets froze and circulation of capital slowed. However, to look at Bernanke’s words through such retrospective critique is to overlook an important and strategic move made by the Chairman in a moment of financial uncertainty: his attempt to retain confidence in the US financial system.¹

His approach was traditional in terms of its rhetoricality; a major problem was beginning to unfold and through discourse Bernanke sought to deal with it. He first quarantined the problem in the subprime market then made the promise that any regulation would be minimal:

Looking forward, the Federal Reserve, other regulators, and the Congress must evaluate what we have learned from the recent episode and decide what additional regulation or oversight may be needed to prevent a recurrence. In deciding what actions to take, regulators must walk a fine line; we must do what we can to prevent abuses or bad practices, but at the same time we do not want to curtail responsible subprime lending or close off refinancing options that would be beneficial to borrowers (para. 16).

The government’s only responsibility would be to ensure that circulation between participants in the subprime market (borrowers, lenders, and investment banks) continued to enable the acts necessary for the articulation of confidence in the economy at large.

Bernanke ended with reaffirmation that the issues within the subprime market would not affect the larger American economy. In fact, according to the Chairman, the

¹ Bernanke was a “highly respected scholar” of the Great Depression, a financial crisis he believed occurred because of the decline of confidence in the US economy (Kirk & Wiser, 2012). Thus, as an academic and as Chairman of the Federal Reserve, maintaining confidence in the economy was of utmost importance for Bernanke at this time.
growth of the subprime sector had, for the most part, been representative of the good health of the larger economy and issues with subprime lending were side effects of positive growth—inevitable aberrations in an otherwise healthy financial system. Thus, not only would the subprime market not infect the larger system, it was actually proof that the American economy was healthy.

Bernanke clung to what market confidence remained, but his efforts to rhetorically quell the financial situation were futile. On June 20, 2007, less than a month after Bernanke’s Chicago speech, the Wall Street investment bank Bear Stearns was forced to dump the assets of two of its largest hedge funds due to significant losses caused by subprime holdings. With no banks willing to lend to Bear Stearns, investors were unable to withdraw their funds.

The event marked one of several significant moments in a spillover that Chairman Bernanke promised would not occur and in August 2007, the Fed ramped up its monetary activities in an attempt to stabilize the market through more obvious forms of state-sanctioned intervention that would play out over the course of the next several months. Examples of such actions included: lowering of the federal discount rate (interest rate for lending to commercial banks and depository institutions) from 6.25% to 5.75% to produce market stability and increase lending (Board of Governors, 2013a); injecting $200 billion into the market in March 2008 to improve liquidity, stabilize the market, and

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2 Bernanke was not the only member of the US governing body to make rhetorical attempts to ensure confidence. President George W. Bush made several speeches in the summer of 2008, also known as the “Summer of Assurances” that were admittedly meant to boost confidence in the US economy (Kirk & Wiser, 2012).

3 Over the course of the next 16 months the Fed would cut the rate 11 more times until it reached its low point of 1.00% in December 2008.
unfreeze credit (Board of Governors, 2013b); orchestrating and backing J.P. Morgan Chase’s purchase of Bear Stearns with a $29 billion loan to improve the procurement (Guillén, 2011); and backing the Federal Deposit Insurance Corporation’s seizure of IndyMac Bank in July 2008 and the US Treasury’s take over of Fannie Mae and Freddie Mac in September 2008.

In the end, the US government disbursed $606 billion to 927 different recipients (Kiel & Nguyen, 2013). It also orchestrated the buying and selling of six financial institutions, nationalized four others, and through the Federal Reserve, manipulated interest rates several times. All were complicated and contemplated moves to promote investor confidence in the US financial system. However, such governmental intervention was too reactionary, enacted haphazardly in the midst of a politically complex era of governance that heralded the limitation of federal economic action, positioned the state as the object of never-ending economic critique, and celebrated the liberal dictums of individual economic choices and freedoms.

In turn, a “crisis of governmentality” (Foucault, 2007, p. 389) unfolded that ushered in a period of critical reflection by the institutions charged with governing the US economy, including the White House, the Federal Reserve, and the Wall Street establishment. Of significant import was the rethinking of market confidence, how it could be ensured and regulated, and who would be responsible for these tasks. This dissertation examines the strategic adjustments made after the unsuccessful, reactionary attempts to boost confidence were reflected upon. It is argued that the crisis of governmentality uncovered once state intervention was assessed incited a recalibration of governing strategies that legitimated the use of more precise and surgical discursive
technologies and guided liberal citizens towards repetitive communicative actions. In turn, according to this argument, the repetition and collection of these acts would cultivate market confidence, which would in turn, escalate confidence in the American economy as a whole and help the US regain its competitive edge in the global marketplace.

By examining the rhetoric of financial education reform called for by Presidents Bush and Obama and its implementation through the actions of two presidential advisory councils after the 2007-08 financial crisis, as well as the subsequent media-based financial training and financial management programs instituted by these councils, this scholarship shows how financial education discourse was mediated, circulated, and enacted to order an affective atmosphere within which confident economic decisions could be made by liberal citizens driven by their own self-interests.

**Confidence and Market Economics**

Confidence has long been a topic of interest for economists and garners added attention during moments of both economic growth and decline (Shiller, 2000). It is something that needs to be observed and managed, and when necessary, attempts to restore confidence are made to ensure market processes happen effectively and efficiently (Akerlof & Shiller, 2009). Traditionally, when confidence was discussed from an economic perspective, it was viewed as a variable that informed market activity and financial decision-making. It was something market participants acquired over time that helped them to make rational financial choices, especially those choices one needed to make when assessing risk (Bernstein, 1998; Bruguier, Quartz & Bossaerts, 2010).

Aforementioned moves made by the federal government can be understood as rational attempts to manage economic confidence as these decisions were debated,
deliberated, and made by confident participants whose understanding of the financial system developed through years of experience in the world of market economics.

However, these tactics were problematic in that they attempted to inject confidence into the liberal sphere of relationships, an environment that depended not on the efficacy of rhetoric, but rather on a multiplicity of discourses coming together to render such an environment possible. In turn, within such a social sphere, bonds are formed that make it possible to guide individuals towards confident, self-governed actions in a complex process that involved much more than the creation and presentation of a problem and a solution (Bitzer, 1968, p. 9).

In recent years behavioral economists have borrowed from work in psychology and neuroscience in an attempt to more fully understand the “irrational” elements of financial decision-making (ex. Shiller, Fischer & Friedman, 1984; Daniel, Hirshleifer & Subrahmanyan, 2001; Scheinkman & Xiong, 2003). These studies recognized that not all market decisions are as calculated as originally thought and while the conclusions vary, there remains a common theme: the irrational elements are those emotional factors that cannot be measured, and which trigger market activity that cannot be understood through the traditional lenses of “efficient market hypothesis” (Fama, 1991), “rational expectations equilibrium” (Radner, 1979), or other similar economic theories.

This new research no longer ignores the “irrational” factors that influence market choices. Instead, it recognizes that economic behavior goes “beyond rational decision making” (Akerlof & Shiller, 2009, p. 13) and that other factors, including unrecognized negative and positive material energies flow within economic environments to “drive major turning points” in financial systems (Shiller, 2013). For these economists,
confidence is more than simply a variable acquired through rhetorical consumption that leads to smart decisions. Instead, confidence becomes something in need of constant management as a non-discursive element having positive and negative economic ramifications.

In response to this work, scholars both outside of the discipline (Hicks & Dunn, 2010) and within it (Ackert, Church & Deaves, 2003) have pointed out the blind spots inherent in behavioral economics. Specifically, that irrationality and rationality continue to be separated and that the interconnectedness of affects, emotions, and rational decision-making remains overlooked. For these scholars, non-discursive variables are not irrational at all, but rather integral and omnipresent elements of the financial “atmosphere” that are always-already present. From this viewpoint, financial decisions are imbued with complexities of information and to split between that which is rational and that which is not is nonsensical.

Continuing along, but diverging at times from this line of thought, this dissertation is not about highlighting the presence of non-discursive variables packaged neatly within the rhetoric of economics (Chaput, 2010). Nor is it interested in unpacking the role of such affective, emotional rhetoric in fueling market bubbles, busts, and crises (Goodnight & Green, 2010). Instead, this work unpacks the role of discourse in guiding individuals towards the management and maintenance of confidence through technologies of liberalism that make possible the choices taken by economic decision-makers.
Governing Ignorance

The awareness of “a complex, specialized financial marketplace” (Hira, 2019, p. 2) by those attempting to understand the causes of the financial crisis legitimated a focus on those individuals “lacking a working knowledge of financial concepts [that] do not have the tools to make decisions most advantageous to their economic wellbeing” (p. 2). By framing the crisis as one linked to the ignorance of financial decision makers, central government could legitimate the reform of financial education. If a lack of financial knowledge had led individuals towards wrongheaded choices, through a renovation of financial education a more beneficial economic atmosphere could be made possible (Palmer, 2008). In further accordance with this reasoning, within this sphere individuals would be motivated towards educated and rational actions. And once repeated, those actions would lend themselves to the production of confidence and an inclination toward confident decision-making in the future.

The idea of repetition as a means of creating confidence is consistent with contemporary literature on the topic. In their book The Confidence Code, Kay and Shipman (2014) highlight how the practice of repeating an action has the effect of building confidence in the person involved in the repetitive act. The authors use the example of shooting free throws and explain how over long periods of practicing their shot, basketball players develop confidence in relation to that action, which they bring with them when taking that action during a game. The authors incorporate scientific data to reaffirm cognitive and physiological changes related to confidence that take place during this process.
I believe that the post-crisis financial education programs created by Bush, Obama, and their councils involved the same attempts to use repetition as a means to produce confidence. As will be highlighted, the Bush Council was interested in repeating acts of knowledge consumption in order to counter the ignorance of financial decision makers. This Council extended access to such information and increased the opportunities for individuals to consume this discourse. On the other hand, the Obama Council was concerned with the repetition of practices. These programs attempted to motivate individuals towards management actions. Therefore, while the techniques by which individuals came into contact with such discourse differed, in both cases, repetition was involved as an attempt to foster confidence. This dissertation unpacks these practices in an attempt to understand their similarities and differences as technologies through which confident financial choices could be possible.

Chapter Summaries

This process begins in Chapter Two, which focuses on the theory of governmentality (Foucault, 2007; 2008) and develops a conceptual map meant to translate this theory into a method for analyzing the discursive technologies of financial education that guided individuals towards actions of confident self-management. This will involve making a descriptive split between pre-liberal and modern liberal governing rationalities, including classical American liberalism, social liberalism, neoliberalism and etho-political liberalism (Rose, 1999) to define governmentality and put it to work as a method for unpacking the discourses of modern governance. In addition, I develop a brief lineage of financial education as a technique used to compel liberal citizens towards articulations of confidence, the actions needed to take profitable risks.
Chapter Three will explicate a theory of affect. I hold that the governing of affect is a technique used to conduct the financial decisions of economic actors/actresses and ensure a manageable level of confidence is present in those decisions. Affect is the variable to be governed in this process and through well-constructed techniques (i.e. mediated rhetoric) can be guided in ways that ensure the right financial choices are made.

This chapter differentiates affect from emotion and explicates an understanding of the two to set up an interpretation of affect as something different from the emotion – confidence in this case– that is produced. From here I move into an explanation of affect as a transmittable energy and navigate through concepts of “affective transmission,” “contagion,” and “entrainment” (Brennan, 2004). The chapter ends by turning to work on the transmission of affect through media technologies (Grusin, 2010). Inclusion of this work allows me to explicate “premediation” and “affective feedback loops,” concepts important for examining the discourse of financial education and the processes involved in its circulation.

Chapter Four analyzes the first post-crisis attempts to reconfigure financial education, which coalesced as President George W. Bush’s Council on Financial Literacy. Of particular interest will be the Council’s proposals for teaching programs aimed at opening up access to financial information for students, employees, and marginalized communities. In addition, these programs will be examined for their function as repetitive technologies of discourse that passed on the financial information that could motivate citizens toward confident choices.

Chapter Five examines President Barack Obama’s Council on Financial Capability, a form of financial education reform that was less concerned with opening
access to an economic framework for decision making and more interested in circulating discourse that would lead individuals toward the ongoing management and maintenance of financial situations. In turn, it was believe that these repetitive acts would engender their own proliferation of confidence. The idea of affective feedback loops will be examined in this chapter to clarify how digital technology allowed financial participants to more effectively manage their choices.

This dissertation concludes with a look back at the arguments made in each chapter, discussion of what can be taken from this work, and possibilities for future scholarship. Also, of particular interest will be an explanation of what has been learned in terms of the neoliberal governing rationality, the techniques this form of governance employs, and the interconnection between affect and digital media which has allowed this contemporary form of governance to surface and thrive, even in the wake of major crises that throw much of the neoliberal ethos into doubt.
Chapter Two: Governmentality and the Financial Subject

“The capacity to manage risk, and with it the appetite to take risk and make forward-looking choices, are key elements of the energy that drives the economic system forward”


“We do American business and the American people no favors when we turn a blind eye to excessive leverage and dangerous risks. [The] American people must be able to trust that their government is looking out for all of us, not just those who donate to political campaigns” – Senator Barack Obama, “Renewing the American Economy” given at Cooper Union in New York City, March 27, 2008

“An economy built to last is one where we encourage the talent and ingenuity of every person in this country […] It means we should support everyone who’s willing to work, and every risk-taker and entrepreneur who aspires to become the next Steve Jobs” – President Barack Obama, Third Presidential State of the Union Address, January 24, 2012

Peter L. Bernstein was a revered economic historian, well respected for his scholarship on financial risk, for the improvements made to economic theory because of this scholarship, and for his popularization of modern economic thought, specifically the idea that investors would be better off forecasting future threats to their wealth then diversifying that risk throughout the investments held in their portfolio.

As an academic, Bernstein spent many years working as a consultant to institutional investors on Wall Street as someone who firmly believed in the benefits that came from the rational calculation of risk and reward, which was, according to Bernstein, one of the great motivators of economic progress and the “centerpiece of the decision-making process” in liberal economics (1996, p. 47). However, as much of a proponent of
the free markets and risk-reward thinking as he was, Bernstein often found himself separated from the neoliberal economic thought of scholars such as Milton Friedman and Friedrich Hayek, for while Bernstein believed in the benefits of risk-taking, he also thought such economic activity needed to be well regulated and monitored through government oversight (Uchitelle, 2009).

Bernstein could be forward with his beliefs; his theories were insulated from the pragmatic politics of Wall Street and Washington. Such economic idealism was expected from academic economists whose ideas were well founded and economically reasonable, but left unabridged rarely worked in the hardnosed world of financial economics (Suskind, 2011). In this world, risk could be handled through ever evolving, hyperrational management techniques and instruments that ensured the highest, safest return. There was no need for government oversight of risk-based decisions because the world of Wall Street and the individual decision makers within its system were effectively self-regulated.

This split between academic idealism and real world pragmatism is analogous to the differences in the rhetorics of campaign trail candidates and elected politicians. In both cases, the former idealism is used to frame issues, but does so without the gritty political battles that mark the latter. Thus, when Senator Barack Obama arrived on Wall Street in March 2008 to reprimand those whose risky decisions in the mortgage-backed securities market had thrown the US economy into a crisis of confidence he was allowed to do so because of the rhetorical rules of political campaigning. Much like Bernstein, the campaigning Obama who spoke at Cooper Union believed in the benefits of risk, but also
argued it was the responsibility of the US government to ensure market confidence by regulating the use of complex, financial instruments and the risks they embraced.

After the 2007-08 financial crisis Bernstein’s argument for more regulation gained significant steam, especially within the pro-regulation world of academic economists and admitted neo-Keynesians like Joseph Stiglitz (2010) and Robert Shiller (2010). However, by 2012 President Obama was on the other side of this philosophy and believed, instead, that responsibility for maintaining market confidence should be placed on the shoulders of the well-educated entrepreneurs who with talent and ingenuity could be the country’s next billionaires. These were the folks who, through an eye to the future and the rational calculation of risk, would push the American economy out of the recession.

For the latter Obama and the Wall Street-friendly economic advisory team that got him through much of his first term, too much government regulation and responsibility would not foster confidence, but mute it. ¹ Thus, once the dust settled it would be the responsibility of individual decision makers to harness the capacity of economics by acting rationally to make confident financial choices. Only through this bottom up approach would the American economic problem be solved and confidence returned to the market economy.

This chapter examines how this latter liberal rationality, according to which individuals and not their government were made responsible for making confident

¹ This team included National Economic Council director Larry Summers and Secretary of the Treasury Timothy Geithner, two major figures behind the 1999 repeal of the Glass-Steagall Act, which led to huge, “too-big-to-fail” banks and their unbridled desire (and freedom) to take on more risk (Stiglitz, 2010; Suskind, 2011).
financial choices and for ensuring market confidence in the face of risk, came to be. Foucault’s theory of governmentality (1991, 2007, 2008) will be used as the method to track and untangle changes to the relationship between responsibility, confidence, and risk caused by shifts in the ways liberal rationalities have framed economic problems and subsequently, the individual-centered solutions these rationalities have offered. I follow these changes across classical liberalism into social liberalism, neoliberalism, and “etho-political” liberalism (Rose, 1999) and show how the education of financial decision makers evolved to structure choices each time modern liberal rationalities reframed economic inefficiencies, especially risk, which has recently become something no longer calculated and mitigated, but rather capitalized upon to produce wealth (Bernstein, 1996; 1998).

To show how individual decisions and the aggregate effects they produce have manifested through the self-governing and self-regulation technologies of contemporary financial education programs, I will look at four eras of American liberal governance: classical liberalism, social liberalism, neoliberalism, and etho-political liberalism. I will examine each and pull out the components that structure their approaches to the organization of financial choices and freedoms enacted on and through the “individual and collective human beings who are to be governed” (Rose, 1999, p. 468). These components include: the rhetorical rendering of an economic problem that justified a revision to the liberalism in place, the general solution to the problem offered by a new liberalism and the reframing of how individuals and choices were governed according to this solution, the relation of risk to the problem/solution and the handling of this risk through the ideals of responsibility and confidence, and finally, when applicable, the
place of financial education within these liberal rationalities as a program of governance used to order financial decisions.

Pre-Liberal Governance and the Introduction of Risk

Several social, economic, and cultural factors during the 14th, 15th, and 16th centuries changed the power relations between European sovereign leaders and those who populated the territories they ruled. The development of nation-states along with economic, political, and religious boundaries forced monarchs—who had long used force to expand their territories and to solve their problems—to use patience, wisdom, and diligence to inform their ruling practices (Foucault, 1991, p. 96). This new “art of government” compelled sovereign leaders to rethink the means through which territorial wealth was gained as rulers made use of the resources available to them rather than gained access to additional resources through war (Foucault, 2007). In turn, through the right management of one’s territory a sovereign could successfully compete in the newly established marketplace of interstate trade.

Successful competition was the new desired end of government and provided the sovereign access to economic growth and additional wealth. This was different from the previous means: the complete obedience by one’s subjects veiled as “the common good” (Foucault, 1991, p. 95).² Apparatuses of security were introduced that enabled the “right

² According to Foucault (1991), “the sovereign must always, if he is to be a good sovereign, have as his aim, ‘the common welfare and the salvation of all’” (p. 94). However, while this “salvation” was often veiled in religious salvation, it meant that all people were to obey and submit to the law of the sovereign (p. 95). Thus, the “desired ends” of the sovereign were in fact complete submission, a goal made much easier through brute force. On the other hand, the finality of government did not involve the “common good” and submission of subjects, but rather the “convenient end” for all
disposition” and management of complex relationships between all things within a territory. No longer was the sovereign’s only concern protecting his sovereignty, but also securing the well being of its inhabitants, who became the resources to increase wealth (Foucault, 1991; 2007). This involved focusing on the ensemble of elements and the interrelations between things, rather than simply the things themselves, which resulted in the first attempts by governing powers to structure the choices made by individuals with a nudge (by securing the most profitable relations between things) rather than a push (by disciplining individual bodies).

The rise of the population continued to fuel the shift from disciplinary regimes to those of security and artful governance, and eventually “demographic expansion” enabled the introduction of “political economy” as a tool used to more acutely govern with both art and economic knowledge (Foucault, 1991, p. 98; 2007). When one governed economically he/she evaluated sovereign actions according to the nature of market competition, a type of measuring stick outside the ensemble of government. Political economy became a “grid of intelligibility” through which all government actions were graded according to their impact on the population and sovereign wealth (Foucault, 2007).

During the 16th and 17th centuries rational thought transformed risk into a measurable variable and offered sovereignties a new frame through which the problem of uncertainty could be studied and rationalized to provide an understanding of what might things that are governed (p. 99). It is only through this convenient end that the milieu of things can be known, measured, and rationalized so that they may be revised and reordered to ensure the continuation of governance. The latter requires a continuous and calculated application of power to many things (humans, their relations, goods, trade, etc.) that does not concern the sovereign whose only focus was his/her territory and its subjects (p. 93).
happen in the future (Bernstein, 1996). Whereas previously a drought had been understood as an “act of God” and the subsequent grain shortage attributed to some immoral action, with risk the drought/shortage was transformed into an unavoidable loss of value caused by an unfortunate exposure to risk. Subsequently, the problem was reframed not as something to be corrected, but predicted and managed with governmental foresight.\(^3\)

Calculated attempts at “prevention and risk-spreading (e.g. insurance) became more central than detection and correction,” a shift made possible, again, because of the increase in populations and the introduction of the calculated science of political economy that further rendered a rhetorical separation between the economic and social spheres (O’Malley, 1996, p. 190). Informed by the logic of economics, the sovereign attempted to spread risk and limit the decline of a nation-state’s value. However, because political economy still maintained its evaluative force, the sovereign during this period was placed in an impossible position: he/she had to govern artfully, but according to a scientific, calculated rationality that judged each decision upon whether or not it impacted the well being of the governed population and the wealth enabled through the management of its interrelations, “ensured the self-limitation of governmental reason” (Foucault, 2008, p. 13).

In relation to risk management, the sovereign was expected to eliminate all risk because according to the natural perfection of a pure economy all risks could be known and managed in ways that would prevent any loss of value. Simultaneously, it was

\(^3\) The calculation of risk-of-disease and the subsequent vaccination programs in Europe in the early 18th century would be an example of this practice (Foucault, 2007).
believed that risk was inevitable and unavoidable. This irony fueled the transformation of a sovereign rule informed by the theory of political economy to a state that internalized the practices of self-critique in a turn toward governmentality and the development of liberal governance focused on the social and founded upon political economic thought. It was only through this shift that the governing of all present and possible practices could take place to fuel the most efficient economic growth.

**Governmentality as Theory and Method**

Governmentality first developed as a theory for dealing with the impossibilities faced by a pre-liberal governing rationality that was skillful and artful in ways not seen with forceful sovereign power, but caught under the constant critique of a political economic evaluative lens that simultaneously sought perfection. In this moment of impossibility when governing involved self-limitation, governmentality was a way for the sovereign to develop a field of governance that could preserve some of its ruling stature:

[The] movement that overturns the constants of sovereignty in consequence of the problem of choices of government, the movement that brings about the emergence of population as a datum, as a field of intervention and as an objective of governmental techniques, and the process which isolates the economy as a specific sector of reality, and political economy as the science and technique of intervention of the government in that field of reality. Three movements: government, population, political economy, which constitute from the eighteenth century onwards a solid series, one which even today has assuredly not been dissolved (Foucault, 1991, p. 102).

In ways not previously realized, governmentality allowed for fluid, evolving governance capable of responding to changes in the population. Through the economic, rational evaluation of the population and all things related, it enabled the nature of economic markets to remain untainted and to ensure economic growth. The rhetoric of governmentality made possible a new reality and in particular, offered a more effective
means through which the “milieu” could be addressed and organized via the practical governance of the social sphere and all its elements: individuals, their relations, and the things with which they interacted (Foucault, 2007, p. 23).

Applying this theory as a method for tracking and untangling the changes to the relationship between responsibility, confidence, and risk involves the examination of three things:

1. The assemblage of a particular governing rationality and the institutions, processes, practices, knowledges, strategies, and tactics that constitute it, which are all strengthened by a “complex form of power,” informed by political economy, and enacted upon and through the social sphere (Foucault, 1991, p. 102). Using governmentality as a method involves examining the interconnected system of processes and products that structure and sustain all governing rationalities and the self-regulation/self-governance they seek. The elements of the ensemble I am particularly interested in examining are the rhetorics that constituted an economic problem and the discourses that led citizen-subjects towards individual-centered solutions, specifically, financial education programs through which personal economic actions became a means for the production of subjects that governed their own conduct through rational and confident financial decisions.

2. The spread of governmentality as an economically informed power throughout the West and the “specific governmental apparatuses” and knowledges that have come with it (Foucault, 1991, pp. 102-103). The introduction of governmentality is tied to the development of arguments in favor of liberalism; therefore, to track modern governance is to lay bare the “generations” (Goodnight, 1989) of liberalism and
how they have manufactured problems, organized possible solutions, and
maintained liberalism’s “pre-eminence over all other forms” of governing (Foucault,
1991, p. 102). This chapter examines the relationship of financial education to a set
of problems and solutions at work in liberalism to uncover a technology through
which individuals took part in fulfilling the “convenient ends” of government
(Foucault, 1991).

3. Lastly, the process and production of transformation from the state of sovereign rule
to the modern system of fluid governing rationalities. I have highlighted the
beginning of this process already, but will continue with its explanation in this
chapter and beyond to show how modern liberalism’s never-ending practices of
self-critique allowed humans to act freely although their actions were dependent
upon applications and circulations of various combinations of knowledges and
norms.

Governmentality is both an entity to be examined and a process of governance to be
untangled (Dean, 2010). These stances inform my analyses below as I pick apart different
liberalisms while discussing them as processes of articulation through which individual
and collective human beings come to govern their own decisions and reinforce the
potency of economic-centered governance.

The Development of American Liberalism

For decades after the development of European nation-states the predominant
economic school of thought was mercantilism, which saw the competition and trade
between nations as a zero-sum game in which the addition to one sovereign’s wealth
came at the expense of another (Foucault, 2008, pp. 52-53). By the middle of the 18th
century, there had been a revision to this form of economic thought first ushered in by the Physiocrats and then the classical economics of Adam Smith.

The Physiocrats argued for national wealth, rather than sovereign wealth, as the measure of economic success and held that the self-interest of an individual would enable both the purest form of competition and collectively benefit an entire nation. Smith expanded on the idea that self-interests would dictate the “natural price or the good price” of exchange, but added to the equation an emphasis on the freedom of the market, which was said to be a “mechanism of mutual enrichment,” dual profits, and properly priced goods (Foucault, 2008, pp. 53-54). Through these two schools of economic thought it was established that self-interests would ensure the purest form of market competition and that if nations and their populations were to benefit this market needed to be left alone, free to act according to a natural economic order.

In Europe, political economic knowledge remained the external measuring stick for the evaluation of sovereign-state action. Thus, the judgment of a governing decision as “good” or “bad” depended upon whether or not it added wealth for the sovereign (as was the case with mercantilism) or the nation (as was the case with both the Physiocrats and classical economists). Eventually, European liberalism would internalize the measuring stick of political economy, but in the United States, there was never a need for such a revision and internalization.

This was due to the fact that the US was founded upon a liberal rationality devoted to political economy as a “method of thought, a grid of economic and sociological analysis,” and ultimately, as a “style” of “imagination” with utopian characteristics rather than some sort of “political alternative” (Foucault, 2008, pp. 218-
219). In America the self-limitation of the state was not a goal whose process was constantly scrutinized by the economy affected by it. Instead, the knowledge and evaluative techniques of the economy were brought inside the state to structure all governing decisions that impacted the social sphere. In other words, liberalism was an argument made about the social, which had been separated from the economic sphere, and through discursive techniques, this new reality would come to bind the social together in ways that justified liberal governance (Goodnight, 1989).

Framing this development in terms of a problematic, American liberalism became the solution to the problem of self-limitation faced by European states, which wanted to limit their impact on the purity of competition, but for structural reasons, could not. Instead, the US internalized the market rationality, using it as the foundation of government to ensure the purest, most-profitable form of economic relations. In turn, self-interests and free choices became the foundation of classical liberal reason in the United States.

In response, the state turned toward the social and the collective interests of the population as “the only possible surface of government intervention” used to produce and organize the freedoms upon which classical liberalism depended (Foucault, 2008, p. 46):

Liberalism formulates simply the following: I am not going to produce what you need to be free. I am going to see to it that you are free to be free. And so, if this liberalism is not so much the imperative of freedom as the management and organization of the conditions in which one can be free, it is clear that at the heart of this liberal practice is an always different and mobile problematic relationship between the production of freedom and that which in the production of freedom risks limiting and destroying it […] Liberalism must produce freedom, but this very act entails the establishment of limitations, controls, forms of coercion, and obligations relying on threats, etcetera (Foucault, 2008, pp. 63-64).
Thus, the goal classical liberalism’s argument in the US was the creation, management, organization, and aggregation of interests and freedoms. Americans would be free to make their own decisions, but those decisions would be self-regulated and self-governed through an economic rationality that colored all decisions, whether they specifically involved market choices or not. In the United States liberalism was the initial field of governance that structured the organic development of a country built upon personal freedom and governmentality articulated this reality, an action through which an unabridged view of the entire milieu of relations was rendered governable.

The discourse of liberalism was itself integral to this process and functioned as a technology that compelled individuals towards self-governance and well-ordered personal freedoms. This was not a disciplinary action in the sense that one followed the orders commanded by a monarch, but rather “the implicit and explicit norms of communicative reasoning presupposed in a particular argument, a field, or a whole range of social argumentation” (Goodnight, 1989, p. 60). Thus, at its core liberalism was established in the US as an argument in favor of a new society based upon ideals of personal freedoms and the self-limitation of the state. It then gained its efficacy as a governing rationality through the “circulation and uptake” of a discursive technology put to work in a larger process of articulation and self-subjectification (Greene & Hicks, 2005, p. 102).

In the early stages, American liberalism gained persistence from the free choices and actions taken by individuals empowered by the discourse of freedom, especially economic freedom. The acts themselves functioned rhetorically as they communicated the edicts of liberalism, but more importantly, because they aided the establishment of a
public committed to acts of freedom. Financial education would come to be important to this process as it circulated such discourse, but simultaneously guided individuals toward the uptake and communication of liberalism, actions that added value to the governing rationality.

There were times when the state had to intervene during classical liberalism, especially in response to events framed as economic problems that hindered the *laissez-faire*, free-market ideology of US liberalism. For example, the Sherman Antitrust Act of 1890 attempted to stop large corporations from manipulating the market and sullying its pure competition. The act was then used by the Taft Administration to successfully split up Standard Oil in 1911. Similar attempts to regain free market competition were made by the Harding and Coolidge Administrations who acted upon the market through fiscal policies, but only in order to return the American economy to its natural, *laissez-faire* disposition in the years following World War I.

Similarly, risk was problematized as a threat to the purity of the market and was treated as something outside the arena of competition. Interestingly, it was one of the few factors of rational thought that had not been transformed when brought over as a piece of the American liberal governing rationality as risk management techniques remained the same in the US as they had been in Europe (Bernstein, 1996). Thus, just as in Europe, in the liberal United States the state’s job was to know the risk and through the population, manage it.

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4 There was the privatization of risk-management during the 18th and 19th centuries, specifically in the form of insurance companies. However, while they sought to profit from risk through an insurance market, these companies were not involved in profiting from financial risk-taking, a practice that began in the US in the mid-1950s with the rise of portfolio diversification (Markowitz, 1952).
However, while the understanding of risk remained similar, the techniques of risk management differed, because risk-management involved the spread of risk through the actions of free individuals; in the aggregate, these decisions would have a collective benefit for the new nation (Foucault, 2008). For example, fearing a drought, farmers in the US could calculate how much grain they needed to save in order to feed their family and/or others to whom they had that obligation. Certainly, there was a financial element to this decision (i.e. how much grain to store that would not only feed those who needed it, but also ensure the highest level of profitability upon sale), but acting through a discourse of self-interest these farmers kept what they needed to manage their own risks and to survive. Extrapolated to the level of the population and these choices spread risk effectively.

Such was a liberal process of self-interested risk-management much different from pre-liberal Europe where disciplinary practices such as the policing apparatus ensured –via obedience– the right level of grain storage and in turn, the management of risk (Foucault, 2007, p. 315). There was no policing of this kind in American liberalism, only a discursive emphasis on an individual’s responsibility to manage risk effectively out of self-interest. As Adam Smith made clear in *The Theory of Moral Sentiments* in 1959, such free choices were duties to which the liberal free citizen committed himself/herself to naturally fulfill the “strong need for actions based on values that go well beyond profit seeking” (Sen, 2009, para. 19).

Risk management decisions, in this case, the choices made about how much grain to keep and how much to sell, benefited the population through the aggregate effects of these choices and boosted the natural order of liberal market competition, which gained
its legitimacy from decisions made by those in such a situation (Foucault, 2008, p. 15). These actions were the exchanges and the participation needed for the US marketplace to define the “right” prices of goods. Thus, if there were a grain shortage, the price of grain would increase to the benefit of those who had managed their own risk correctly (by adding to their wealth) and the simultaneous benefit of others who could access the grain needed for survival. In this event, no one was forced to act according to the discourse of liberalism, but rather acted freely out of self-interest, a technology that benefited the larger governing rationality.

As important as personal freedoms were as a discursive move within this program of governance, the notion of human instinct was equally important to the effectiveness of the liberal argument (Foucault, 2008; Smith, 2008). Individuals further articulated the knowledge of liberalism by “trusting their gut” when making free choices within a self-regulating market system whose purity—and its rationality—depended upon these actions (Akerlof & Shiller, 2009). In sum, an argument had been made for the naturalness and rational truth of the liberal marketplace in the US, which guided the social sphere to act with the confidence that informed the free choices they made. In this sphere the individual conducted himself/herself freely and confidently through acts that were in accordance with the larger liberal logic. In other words, the liberal discourse included a level of trust in the interrelations of the social and the economic that guided individuals in their instinctual free choices and had the effect of articulating a confidence within both spheres (Sen, 2009).

The presumption that the law of natural market competition and self-interested choices would offer collective benefits meant that financial education was not employed
as a tactic that educated people on how to reap immense profits from calculated economic decisions as is the case now. Rather, throughout classical liberalism financial education was itself a “technology of moral development” (Greene & Hicks, 2005) because at its core, liberalism was a moral argument meant to “prescribe what counts as fitting, true, or proper communicative reasoning in the social world” (Goodnight, 1989, p. 62). To interact as a moral citizen one took up the edicts of personal freedom and state limitation; financial education conducted individuals towards such articulation.

When the Department of Agriculture was established via passage of the Morrill Act in 1862, financial education came into existence as a program for “educating the citizenship about subjects such as budgeting and consumer skills” (Tschache, 2009, p. 10). Through practices such as keeping a record of financial expenditures from month-to-month, calculating the cost of living, and using that information to sustain the family unit from on one month to the next, financial education provided individuals with the framework needed to best capitalize on their free choices.

Into the early 1900s these programs, sponsored by the Department of Agriculture as well as Four-H Clubs, continued with the “main objective being to provide learning experiences that would develop skills that people needed at home, on the farm, and in their communities” (Tschache, 2009, p. 11). Through these focuses, this discourse further established the moral responsibility of the individual to those with whom he/she shared a social bond. This responsibility meant using the knowledge of items such as consumer awareness to inform self-interested decisions in the liberal marketplace, which depended upon the activity of all to attain its purity and naturalness. There was no new problematization established, as was the case when American liberalism was born, but
rather the introduction of a new discursive tactic that provided the citizenry with the information needed to make profitable choices. In turn, through their collective action the values heralded by the governing rationality were further established.

In relation to risk management, this form of financial education offered individuals the knowledge necessary for them to protect their family unit from the uncertainties of the future (Bernstein, 1996).\(^5\) This was the case with the management of the household budget, which depended upon calculations and an awareness of a family’s financial situation to deflect risk. Like the development of statistical knowledge and accountancy around this same time (Rose, 1991), these actions in themselves worked within a field of governance to maintain the well managed and risk-averse home in the social sphere that would enable a well-managed American economy.

In sum, what the introduction of financial education in the late 19th century involved was the establishment of institutionalized economic knowledge. The practices such programs sought to teach the US citizenry did not differ from the actions celebrated by liberalism in the decades prior: those who took part in financial education still acted within a larger liberal argument that bound the social sphere via the celebration of personal freedoms. However, it did create a recognizable and systematized “grid of intelligibility” used by individuals to make choices and yielded a population of decision makers acting to further enliven the liberal discourse (Foucault, 2008).

\(^5\) Development of the agriculture futures market at the Chicago Board of Trade in the 1860s would be the exception to this statement. However, this would have applied only to families in such situations.
Social Liberalism and the Revision of Responsibility

The stock market crash on October 29, 1929 and the subsequent Great Depression was the quintessential moment of “problematization,” the “particular context in which governing is called into question, in which actors and agents of all sorts must pose the question of how to govern” (Dean, 2010, p. 38). As this event played out, the classical liberal rationality that underpinned governance in the United States proved to be lacking. In response, various framings of the problem were offered that called for an overhaul of classical liberalism. Leading the charge were the theories of British economist John Maynard Keynes, which provided the rhetorical framework that structured the rationality of social liberal governance in the US from the 1930s to the 1960s (Foucault, 2008, p. 69).

In the decade after the 1929 crash, Keynes focused much of his economic scholarship on the problem of under-employment and the role of the state in the development and application of a solution to this problem (Foucault, 2008, p. 96). Keynes argued that the state had a responsibility to step in through various interventionist policies, and that even if the state increased deficit spending, it had the responsibility to ensure market stability to protect all Americans, not just those who had thrived in the previous era of free-market classical liberalism. These state attempts to ensure market stability countered the irrational variables of economic decision making that Keynes called “animal spirits” (Akerlof & Shiller, 2009).

For Keynes these animal spirits were natural components of human choices, which multiplied and gained (or decreased) in strength as they flowed between self-interested individuals often causing major market inefficiencies (Akerlof & Shiller,
This was the case with the 2007-08 financial crisis as animal spirits passed from one financial actor to another and caused a “crisis of confidence” in which the affective atmosphere of the market economy was no longer compelled the kinds of self-interest and confident free choices upon which liberal economies depend (Akerlof & Shiller, 2009).

Through the work of Keynes and its uptake by central government under President Franklin D. Roosevelt, a new liberal argument unfolded that made the Great Depression into a problem of confidence. Such a stance challenged the belief of its predecessor, which viewed confidence as a natural element of rational decision-making, in itself an instinctual act presumed to be taken by liberal subjects. In comparison, according to this new logic, confidence was like any other animal spirit and acted as “a restless and inconsistent element of the economy” that could impact the trust individuals had in their relationships and disrupt the presumed rationality behind self-interested choices (Akerlof & Shiller, 2009).

The solution argued involved the state assuming governing responsibility over both the economic and social spheres. Thus, when FDR spoke “On the Works Relief Program and Social Security Act” during a April 28, 1935 “Fireside Chat,” several references were made to confidence, including confidence in business, confidence in

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6 In relation to affects, animal spirits can be understood as the free-flowing energies that order emotional experiences such as confidence often building and causing major economic swings. Most economists do not split affects from emotions, nor do they differentiate between irrational factors from those more rational (Hicks & Dunn, 2009). Thus, Akerlof and Shiller (2009) call confidence an “animal spirit” although animal spirits would be much closer in nature to the affective energies discussed in the previous chapter. In fact, as per my argument, these animal spirits actually function to order experiences and trigger confidence.
banks, and an overall “public confidence,” all of which had waned in the previous years.

In response, through intervention a “recovery of confidence” would be enacted as it was “our responsibility to all of the people in this country” and part of “a great national crusade to destroy enforced idleness which is an enemy of the human spirit generated by this depression” (Roosevelt, 1935).

Again, in this rhetorical moment, and in others that would follow, the Great Depression was framed as a problem of confidence and in response the state would break from the self-limitation put forth by the theory of political economy. From this epicenter of crisis, a new field of governance was established that would give birth to a multiplicity of discursive techniques meant to revise free choices by pushing the polarities of the social and the economic closer together.

The policies of Roosevelt’s New Deal were the quintessential pieces of this move and have been recognized for their discursive potential to move the United States citizenry towards new articulations of American liberalism (ex. Krugman, 2008; Hicks & Dunn, 2010).\(^7\) They retained the liberal belief in personal freedom, but through techniques such as welfare programs, Social Security, public works initiatives, and banking reform took a proactive approach to ordering free choices in ways that could sustain confidence. These moves did not “flatten” the rhetoric of liberalism in the sense that the US populous was treated as a naïve bunch that could be easily persuaded. Instead, through policy actions such as the Emergency Banking Relief Act of 1933, the state

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\(^7\) Krugman (2008) claims the Obama Administration took part in a similar delay in response to the 2007-08 financial crisis and that full-scale Keynesian economic policy was needed to effectively end the “Great Recession.” The decision to avoid such intervention now appears linked to the current administration’s own appeal to self-regulation and self-governance.
developed a discourse that would legitimate its involvement in the economic sphere, in this case, the oversight and regulation of the activity within the banking sector.

Legislation has been used to introduce new discourses during other moments of American liberalism (ex. Greene & Hicks, 1998; Hicks & Dunn, 2010) and in this moment central government used the tool to articulate the responsibility needed to administer effective techniques of government. Through discourses of the Social Security Act and the Revenue Act of 1935 the state used this responsibility to render a governance of discourses through which individuals would act.

Key to such technologies was the handling of risk, which in the years leading up the Great Depression, had expanded into something to be assessed and profited from, rather than protected against (Bernstein, 1999). This produced an economic atmosphere of speculation that disrupted the purity of market competition and influenced the stock market collapse. In response, New Deal programs neutralized “risky” sectors of the social and economic spheres.

One of example of such state action would be the aforementioned Social Security Act of 1935, which provided benefits to the unemployed to counter the risk of widespread unemployment. The policy helped buoy those in the lower classes by bringing them into an economic atmosphere where they could participate effectively in the market as self-interested decision makers. As a technology, it opened up those who had been on the outside to a field of governance through which rational choices could be made.

Another example was the Revenue Act of 1935, which raised taxes on the wealthy and impacted their activity within the economic sphere. In this case, there was no
disciplinary force that protected against speculation, but rather the production of a
discursive form in which such speculation became less profitable. In both cases, the state
managed risk through processes that conducted the free choices of citizens towards
articulation of social liberal values. They did not eliminate risk, but rather ensured all
instinctual and confidence choices were made according to the rationality of post-Great
Depression governance.

During this period, financial education was itself a program meant to engender
and circulate such an argument. “Home Economics” developed as subject taught in high
schools and colleges during this time and as an extension of the family-specific financial
education seen in classical liberalism, but repurposed for the new economic environment
(Tschache, 2009). Thus, with the influx of financial innovations such as pension plans
and retirement funds, “people were seeking help with finances and wanting to develop
skills that would help them acquire knowledge to solve economic problems” (Tschache,
2009, p. 11).

Students of Home Economics still learned the importance of balancing the family
budget, maintaining good hygiene, raising a family, and keeping a bead on the
ruminations of every day economics within the home to ensure the family unit functioned
efficiently. However, they also learned about issues such as “financial management,
income and expenditure, security and retirement, housing, budgeting, saving, and marital
adjustment” (p. 11). This expansion of institutional knowledge was made possible
because of the state responsibility established via the rhetoric of social liberalism. In
particular, the state had been transformed into the rational overseer of the American
economy and discourses such as those mentioned above legitimated this responsibility.
With that in place, the lay citizen formed a novel relationship with risk through a discourse that established the state’s responsibility to protect against the predatory actions of others. Much like the confidence articulated in the language and actions of classical liberalism, social liberalism enlivened a society of individuals who acted with confidence due to the presumption that the state would ensure the overall health of the US economy, a responsibility communicated in the governmental actions responding to the Great Depression (Karabell, 2014).

Unlike in classical liberalism, the rationality of social liberalism and the field of governance it discursively rendered the state responsible for the management of American economy. This involved technologies such as Social Security as well as unemployment and taxation policies that legitimated the state’s involvement in maintenance of confidence. Through the presumptions and norms of this argument towards social liberalism, individuals continued to act out of self-interest, but with each act further articulated the rhetorical effectiveness of this liberal rationality.

In the years that followed, neoliberal argued against social liberalism, which, according to their logic, effectively stripped the efficient and wealth-producing power of liberalism:

We can say that around Keynes, around the economic interventionist policy perfected between 1930 and 1960, immediately before and after the war, all these interventions have brought about what we can call a crisis of liberalism, and this crisis manifests in a number of re-evaluations, re-appraisals, and new projects in the art of government which were formulated immediately before and after the war in Germany, and which are presently being formulated in America (Foucault, 2008, p. 69).

These changes would come during the 1960s and 1970s, a time of social, political, and economic turmoil in the United States that justified yet another revision to liberalism.
Renewed faith in classical liberalism fueled the birth of the neoliberal economic argument that reintroduced the responsible, self-interested individual. Through new programs of governance, including revisions to financial education, the neoliberal rationality subtracted the economic might of the state and replaced it with the free market potential of economic subjects.

**Neoliberalism and the Return of the Individual**

Social liberalism provided the language necessary to expand the state’s governance of the social into the economic sphere. In response, neoliberalism, as its own social argument, pushed American liberal reason to the other end of the spectrum to the point that not only was the state’s economic influence depleted, but the rationale of market economics became the “analytical schema or grid of intelligibility” through which all human actions could be understood (Foucault, 2008, p. 243). Simply put, economic thought provided the lens used to evaluate and order all human relations.

This replacement of a state-centric rational by competition and free markets was made possible by a perfect storm of social, political, and economic unrest in the early 1970s (Harvey, 2005). In the years prior, movements focused on individual freedom (e.g. civil rights, feminism, gay rights) and collective, social justice unfolded simultaneously. This trouble was then fueled by public outrage over the relationship between corporations and the US government during the Vietnam War (e.g. the Monsanto Corporation and Dow Chemical’s production of “Agent Orange” used by the US Department of Defense) and a national economic crisis in which inflation and unemployment were high and economic growth was frozen (Harvey, 2005). In response, a problem of governance was
articulated that enabled the neoliberal argument, which had been brewing in academic circles for decades, to find practical application.

The neoliberal solution to this chaos argued that the state needed to be relieved of its interventionist duties and less regulation—within both the marketplace and the day-to-day decision making of individuals—was offered as the driving force behind this new economic rationality. The state’s influence would be limited to the creation and preservation of the market, actions made possible, for example, through legislation that expanded the marketplace into all areas of the population, as well as untapped markets across the globe.

The former occurred in the monetary policies in the 1970s, specifically, Federal Reserve Chairman Paul Volcker’s attempt to curb inflation by increasing interest rates at the expense of labor as higher rates made it difficult for companies to borrow in order to increase production, which in turn impacted employment numbers (Harvey, 2005). In response, the workforce was led towards the discourse of the market with success and failure dependent upon an employee’s value to a company. If a person could not get a job it was not because it was more difficult to find one; rather, he/she did not have the human capital needed to be competitive on the job market.

A corollary technology enabled the expansion of the marketplace into previously untapped areas and the loosening of regulation on international trade, which brought foreign manufacturers into an ever-growing competitive market. This lowered the price of goods and made it difficult for American companies to compete unless they too paid workers less or took their work to other countries (Harvey, 2005). However, this push to open up previously untapped markets impacted the finance industry as well, which
continued to develop methods for profiting on risk, which had blossomed as a tradable commodity in the years since the Great Depression (Bernstein, 1999).

Deregulation across multiple sectors (ex. transportation, agriculture, and finance) allowed investors to bet on risk without the state parsing through these transactions. Proponents argued that this enabled the liberal ideals of inventiveness and freethinking, which then fueled the creation of complex instruments that helped investors spread the negative effects of risk (loss of value) while pocketing the profits. For example, the development of the credit default swap (CDS) in the early 1990s allowed investors to make risky bets, but buy “insurance” from investment banks to protect against those bets going bad. Investors could then make more bets on other risks, building a portfolio that was ironically built upon risk, but protected against it as well (Kirk & Wiser, 2012).

During the 2007-08 financial crisis there were two strategies for profiting off this risk/insurance operation that inevitably harmed economy: buying risky mortgage-backed securities and insurance to protect against default and selling insurance in hopes that these securities would go bad. The problem was rooted in the fact that as investors took risk off their own books and spread it throughout the financial industry, risk was never alleviated, but rather consolidated into systemic risk across the unregulated financial world and the other non-financial sectors to which it was tied (Kirk & Wiser, 2012). Framing this in terms of responsibility, it seemed that those in favor of making the individual decision makers the managers of market purity at the end of social liberalism lacked the discourse needed to account for the market inefficiencies against which Keynesian policies and state intervention protected.
The ability to embrace risk to earn a profit was fueled by confidence, which had returned via the neoliberal argument, not an as animal spirit to be governed and managed through oversight, but as the instinctual component that fueled progress when the hyperrational individual was allowed to capitalize on personal freedoms (Akerlof & Shiller, 2009). Much like classical liberalism, according to the logic of neoliberalism confidence would come naturally when individuals –considered hyperrational because of inclusion of economic knowledge into the decision-making processes throughout their lives– were allowed to act freely.

This articulation of knowledge was made possible through the rhetoric of human capital, which argued that *Homo economicus*, the modern decision-maker, would freely access the economic knowledge base and use it to inform his/her choices (Foucault, 2008). In relation to confidence, the discourse posited that additional human capital led one towards more rational choices. Consumption and application of this knowledge allowed an individual to move forward with confidence, much like the language of confidence circulated by early liberalism. The result was the “generation” of a neoliberal “ground of reason” that presumed all decision makers would act rationally and with confidence ” (Goodnight, 1989).

Within this discursive sphere, individuals were then compelled to take on more risk and make more money (Akerlof & Shiller, 2009) and more confidence led to more risk taking, which allowed for higher profits (Suskind, 2011). Within this discursive sphere, the US Consumer Confidence Index and the University of Michigan Confidence Index were developed to evaluate the strength and health of the US economy according to the confidence held by the lay citizen. A population of individuals that managed risk
according to the rational choices afforded by human capital could provide the purest reading of the marketplace since there was no state intervention to skew the data.

This revision in governance towards a more acute self-management changed the way subjects made financial choices, which happened to coincide with the rise of the 401k, which placed risk management in the hands of those individuals now charged with making confident investment decisions and governing their own financial futures. As individually governed retirement plans grew in popularity, more persons found themselves competing against professional investors and risk takers. Attempts to train these new investors were few and instead, as per the edicts of neoliberalism, one’s financial successes and failures stemmed only from his/her own choices (Dixon, 2009). If these unprofessional investors did not make the right financial decisions and subsequently lost money that was on them as their financial futures were their own responsibility.

These programs of individuation all worked as technologies within a neoliberal rationality that dismantled ideals of social liberalism and replaced them with ideals of privatization, self-governance, and the enterprise or entrepreneurial mentality (Foucault, 2008). President Reagan’s (1986) argument that “the oppressive hand of government has fallen most heavily on the economic life of the individuals. And more often than not, it is inflation and taxes that have undermined livelihoods and constrained their freedoms” summed up the changes to liberal governance and fueled the legitimization of neoliberalism, which circulated discourse in defense of the autonomous, rational individual and his/her ability to drive national economies.
It was this passionate belief that caused so many to overlook the inability of financial education to actually teach individuals to make the proper financial decisions. Because the neoliberal argument had replaced the intervening state with the rational, calculating maximizer of self-interest, it failed to see that financial education in no way functioned to fully counter the inefficiencies of the market, particularly risk. This weakness was acknowledged in studies throughout the late 1990s and early 2000s, which sought to evaluate the success and failure of financial education in the US in the many years prior, rather than change the discourse of financial education in a way that might better govern free choices (Tschache, 2009).

For example, the Jump$tart Coalition for Personal Literacy was funded by the government as a program meant to measure whether or not the financial education, which had not been significantly overhauled since the inclusion of personal finance literature during the 1950s, had been effective at teaching individuals how to manage their own finances (Tschache, 2009). In response to the very low numbers produced by Jump$tart, the Financial Literacy and Education Commission was developed as a state-funded program for creating more effective discursive programs of financial education.

Several proposals surfaced that attempted to integrate more thorough versions of financial education into schools—i.e. those that taught not only how to manage a home, but to plan for one’s financial future through investment and retirement decisions—but full application of these suggestions failed because of setbacks caused both by the collapse of the tech bubble in the early 2000s and the 2007-08 financial crisis, which took all attention away from these programs and refocused it on the current economic problems (Tschache, 2009).
Interestingly, this crisis also triggered the next revision of governance, specifically, the introduction of “etho-politics” as the new liberal argument (Rose, 1999). However, this rationality did not displace neoliberalism, but provided a rhetorical supplementation that compelled both the incorporation of intervention and allowed the neoliberal ideals of *Homo economicus* and human capital to flourish in ways that a blind belief in the rational individual had not (Foucault, 2008).

**Etho-Politics and the New Niche of the State**

According to the logic of American neoliberalism, individuals were self-enterprises/entrepreneurs in control of their own earnings potential (Foucault, 2008). They were *Homo economicus*: the rational, autonomous being that could increase and decrease labor-producing potential and who made every decision through the framework of cost-benefit analysis (Foucault, 2008). However, this argument failed to account for those who did not “fulfill its claims to reason” and who were not bound to such discourse (Goodnight, 1989, p. 60). These were the liberal citizens who acted outside of the logic of the market for various economic reasons and took problematic risks that resulted in an impure and uncompetitive marketplace (Dixon, 2009).

Over time, this had aggregate effects on neoliberal populations in Western countries, which suffered through an increase in inflation, a stall in economic growth, and a recession during the late 1980s and early 1990s, only a few years after deregulation policies had passed in the United States and the United Kingdom in favor of a utopian world of market competition. In response, the “political inventiveness” of the governing ensemble devised a supplement to neoliberal reason that functioned as:
[A] kind of contract between those who have the power to exercise power and those who have the obligation to be its subject. While the former must provide the conditions for the good life, the latter must deserve to inhabit it by building strong communities and exercising active responsible citizenship (Rose, 1999, pp. 470-471).

According to the rhetoric of this revision, the state would cooperate with other stakeholders to fund and assemble programs that individuals would partake in out of a moral responsibility to those with whom they shared a social bond. In turn, the type of subject sought by neoliberalism—*Homo economicus*—would be produced.

This was the logic of the etho-political argument, which initially responded to the “poverty and social ills” (Rose, 1999, p. 485) of the late 1990s in the United Kingdom and came to the fore as “a framework of thinking and policy making that seeks to adapt social democracy to a world that has changed fundamentally over the past two or three decades” (Giddens as cited in Rose, 1999, p. 471). As a social argument, etho-politics problematized societal issues by situating them within the discourses of ethics and morality so that issues such as social inequality, job loss, and crime became issues not of economic origin, but rather, of moral ineptitude.

The solution proposed state intervention through the social sphere where circulated discourses that allowed

Each individual to see it as their moral duty to invest in their own capacities, to subscribe to the commitments of waged labour, to play their part in the networks of reciprocal obligation and mutual responsibility that bind all citizens in an benign and munificent economy sustained by the values of honour and shame (p. 485).

According to the etho-political argument individuals would right their moral compass and invest in social capital through action in social programs such as welfare-to-work and community watch initiatives (p. 489). Through the relationships developed, “the
emergence of a new moral vocabulary” and the “recurrence of terms freighted with values: partnership, civil society, community, civility, responsibility, mutuality, obligations, voluntary endeavour, autonomy, initiative” could influence individuals who now acted out of an interest for their communities (p. 483).

Through such “re-moralizing techniques” (p. 489) etho-politics made human capital possible and enabled the building human capital through self-improvement geared towards an awareness of one’s social bonds. In the United States, the changes to financial education offered by early Jump$tart research provided the ideal program through which such discourse could circulate and allowed the state an angle through which it could “facilitate the infrastructure of resources that [would] enable individuals to obtain skills and capacities necessary to enhance their human capital” (p. 483).

Through the creation and funding of financial education programs, the state could further the neoliberal argument by norming the civic duty of individuals to educate themselves about financial matters. This approach kept central government out of the economic sphere, but served as a channel through which the state could produce the ideal financial subject without acting upon the market itself. It was the establishment of bottom-up governance that had been envisioned by neoliberal economists, but never brought into existence.

The predominant example of this revised financial education program involved the discourse developed by the aforementioned Jump$tart Coalition, which had been established in 1995 by the former chairman and CEO of Ford Motor Credit Corporation and comprised of corporate, academic, non-profit, and government organizations that not
only evaluated financial education, but developed the material used to teach literacy to students from kindergarten through college (Jump$tart.org, 2014).

Through the input of “a coalition of diverse financial education stakeholders” Jump$tart developed a discourse for the community that was taught by community members such as teachers and civic leaders. It provided networking opportunities for teachers to talk about their practices in the classroom and share what they had learned in order to improve how and what form of financial education was taught in the classroom. There was the introduction of “Financial Literacy Month” and the creation of “Financial Literacy Awards” for those who showed great community leadership skills and recorded “outstanding achievements” (Jump$tart, 2014a).

Such a transformation of educated financial decisions into moral obligations is not a novel technique of liberal governance, specific only to the etho-political rationale. During much of the classical liberal era financial knowledge and economic frameworks of understanding were passed down from church representatives and community leaders to heads of households. In this rhetoric a direct connection had been made between the well being of a family unit and its impact on the community in which it resided; thus, the persons who were trained via these programs governed themselves according to the logic that they owed it to their community to maintain an economic presence, to consume and produce with responsibility and confidence, and through calculation and awareness, manage the potential risks faced by their household (Tschache, 2009).

The moral and ethical motivations at work in contemporary liberalism are similar in that individuals have a responsibility to the communities –in which they reside and/or to which they claim membership– to act freely out of their own self-interests. This is the
framework through which economic decisions are made. However, what makes the
contemporary liberal rationality found in the Jump$tar discourse unique is the emphasis
placed on the entrepreneurial self who now makes all decisions according to an economic
“grid of intelligibility” provided by financial education (Foucault, 2008).

This neoliberal edict of individualism is then colored by the etho-political
motivation to continuously consider and reaffirm his/her ethical stake in his/her
community and other social relationships. In turn, through this discourse Homo
economicus self-governs both out of the desire for added wealth and a competitive
advantage, as well as a desire for “building networks, enhancing trust relations,
developing mutuality and co-operation” (Rose, 1999, p. 475). Through this new
economic subject, human capital and social capital are combined to:

[I]ntroduce etho-politics into economics through the capitalization of morality in
the service of national economic advantage. No longer is economic government to
be faced the imaginary choice between the twin phantasies of a totally planned
national economy and a free market populated by atomic and isolated individuals
seeking personal advantage in an asocial universe. Economic health is to be
governed indirectly, not through direct intervention upon the workplace or upon
ownership and control, but through fostering an ethos of human enterprises and
moral responsibility (Rose, 1999, p. 484).

Thus, via contemporary etho-political liberal governance the desire to introduce
economic thought into all aspects of human life is made possible through the interface of
ethics and community.

Towards a Contemporary Liberalism

In summary, liberalism developed as a rationality of government, which continues
to go through numerous revisions to its arguments and reasoning. From classical
liberalism into social liberalism, neoliberalism into etho-political liberalism, self-
reflexivity has allowed edicts of self-interest and free choices to remain the pillars of governance. When considering this, it makes it easier to understand why an economist like Peter L. Bernstein or a candidate like Barack Obama had a hard time finding practical application for their idealistic visions of government regulation. In relation to risk, both men showed an awareness of the costs and benefits of risk, but were never able to enact a form of state intervention that would effectively manage risk through a liberal framework.

Instead, we have entered into an era in which the responsibility for managing risk has been placed on the shoulders of the individual. It is through the individual that the health of the American economy is achieved. It is no longer the population (classical liberalism) or society (social liberalism) that benefits from self-interest, but the market economy, which transforms every human decision into an economic one as means of expanding the marketplace and market rationality into every crevice of human action.

To extend this argument, in the following chapter I look at the roles of affect and emotion within communication to add depth to the understanding of how the argument of liberalism and the technologies of discourse it involves incorporates non-discursive elements to motivate the actions of rational decision makers. Of particular interest will be the affective nature of communication and the contagious elements of communicative acts, which further enliven the discursive technologies of modern liberalism, especially their interest in confidence.
Chapter Three: The Mediated Transmission of Affect

The acknowledgement by economists of an untamed and “irrational” influence on financial decision-making that cannot be managed via rational economic knowledge is often lukewarm. For this reason, since the end of social liberalism most mainstream economic arguments have pushed away from the acknowledgement of emotions and instead, presumed that rationality trumped all non-discursive forces and lead individuals towards choices that delivered the highest rewards (Shiller, 2000; Akerlof & Shiller, 2009).

Through this discourse, the most astute financial decision-makers come to be those who make choices based solely on rational thinking and who pay no heed to the irrationality of emotion. One example of such a person is Warren Buffett, the CEO of Berkshire Hathaway and one of the richest people in the world, who carries the nickname, “Mr. Rational” due to his analytical approach to picking stocks and investing/buying companies (“The Rational Mr. Buffett,” 2007; Tracer, 2013). Buffett’s hyperrationality was a significant asset during the 2007-08 financial crisis for Berkshire Hathaway, which invested $5 billion in Goldman Sachs as the investment bank was bottoming out, and four years later saw a 50 percent return on that investment (Kass, 2012). Buffett’s economic knowledge was also an asset for Barack Obama, who turned to Buffett for advice while campaigning during the fall of 2008 and then again after taking office. If economic
rationality had led Buffett towards profits during one of the worst financial crises in American history, perhaps it could also inform a way out of the post-crisis recession.

With the rise of behavioral economics, scholars and financial professionals began to acknowledge the presence and influence of emotion in the decision-making process. As a result, rather than seeing emotions as elements to fend off when making choices, emotions became something in need of governance. This liberal argument is often categorized as neo-Keynesian and includes scholars such as Robert Shiller and Joseph Stiglitz, who have returned to the work of John Maynard Keynes and view such emotions as “animal spirits” that flow outside of the rational mind (Akerlof & Shiller, 2009). In recent years, behavioral economics has developed into discourse through which emotions can be understood within economics and in turn, managed.

Of all the animal spirits, confidence is considered the “most crucial” because at the “right” level, confidence keeps the liberal subject moving forward through a “trust” in the liberal discourse and the rational choices it enables (Akerlof & Shiller, 2009, pp. 11-13). At this level, confidence is not a problem and in the case of risk management, can become very important to capitalizing on economic uncertainties (p. 87). However, confidence becomes a problem when it gets too high or too low. High confidence can trigger riskier investing practices and the development of bubbles, as was the case with the tech bubble of the early 2000s and the housing bubble a few years later (Akerlof & Shiller, 2009). Low confidence comes from a lack of economic knowledge, which was an argument made by some scholars who believed such ignorance played a major role in the 2007-08 financial crisis (Hira, 2009). In both cases, behavioral economists argue, an improvement of governance is needed.
The spectrum of confidence between low and high is made possible through the “multiplier effect,” an economic concept built upon the belief that the initial response to market action will be greatly outweighed by the sum of its effects consolidated from one phase to the next (Akerlof & Shiller, 2009). Consider, for example, the hit to market confidence caused by the failure of the two Bear Stearns hedge funds mentioned earlier. In this case, the reduction in confidence spread from one institution to several banking institutions and from those institutions to other sectors. In this case, the waves of confidence reduction (rise in uncertainty and decline of trust) were exponentially more powerful than the initial market shock caused by Bear, proof that confidence, like other animal spirits, has the capacity for contagion (Akerlof & Shiller, 2009).

Earnest, although haphazard moves to set the market right by restoring confidence in the midst of the 2007-08 financial crisis were supposed to outweigh the spread of doubts in the market, tame these waves, and prevent the multiplication factor from gaining momentum. Through the rhetoric of Fed Chairman Ben Bernanke and President George W. Bush and the monetary moves made to unfreeze credit and reignite the US market economy, confidence was supposed to be restored. While the success and failure of these moves depends on the context from which one seeks to evaluate, in retrospect it is certain that those moves were problematic because they went against a modern liberal

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1 Of course, Bear Sterns was not the only institution to falter. However, this event, along with other events like it, was not as impactful as the aggregate effects.

2 As mentioned in the introduction, Bernanke’s speech to the Chicago Fed did not stem the tide of the mortgage-backed securities market collapse; therefore, it could be deemed a “failure.” However, the Fed’s quantitative-easing program, which involves the purchase of Treasury notes to stimulate the US economy, has been relatively successful and fueled economic growth.
governing rationality, which above all else posits that federal institutions have no place in a game played by free-market decision-makers.

In terms of governmentality, such moves also failed because by “nature” liberalism gains its legitimacy from the actions of those working within a discourse and not from the information of the discourse itself (Foucault, 2008; Greene & Hicks, 2005). Whether through “communicative labor” (Greene, 2004) or through the value created by “rhetorical circulation” (Chaput, 2010), the liberal individual, especially in the contemporary moment, acts as the empowered subject through which arguments are articulated. Thus, it can only be through these individuals that confidence is produced and maintained.

Responding to such a problem, a shift has since taken place with the focus of governance diverted away from the maintenance of confidence in the market itself through top-down intervention towards discourses that attempt to lead individual Americans towards confident financial choices on their own. Specifically, through the rhetoric of financial education, the embodiment and cognition of affect are encouraged to ensure that a healthy level of confidence in the US market economy is sustained.

This chapter begins by defining affect as something different from emotion by explicating an understanding of the two. This move is made to set up an interpretation of affective energy as something capable of triggering a particular emotion, which in this case is confidence. Confidence remains the desired product of new economic discourse, but unbiased affective energy has become the variable in need of governance. Thus, rather than monetary policy or rhetoric being the means through which confidence is created, the ordered embodiment and cognition of affect becomes the means. After
distinguishing affect from emotion, a classification of work on affect will be offered. Following this, explanations of “affective transmission” and “entrainment” are given (Brennan, 2004) followed by work on the transmission of affect through media technologies discussed in terms of “premediation” (Grusin, 2010). In both cases, the goal is to highlight the vertical and horizontal contagion of affect and their potential to produce and manage an appropriate level of confidence through actions of articulation taken by the liberal citizen.

**Affect and Emotion**

Affect exists as a “force” (Thrift, 2004; Gregg & Seigworth, 2010) or “energy” (Brennan, 2004) outside of language and cognition and in the space “between bodies” (Gregg & Seigworth, 2010). Through this lens, affect is viewed as a “virtual” variable, but not virtual in the sense that it is incorporeal, but rather that it is a material which flows freely within a space until it is harnessed by the actuality of embodiment (Massumi, 2002). Affects are material elements or information present in any atmosphere; however, rather than simply being information in the form of language, when embodied these material aspects of the atmosphere are literally consumed by the flesh (Grusin, 2010).

These affects can be consciously and unconsciously conducted through actions in that space and when they come into contact with bodies these affects are met by the interpretative structures of these bodies in the forms of senses, feelings, and thoughts. At this moment the vitality of affect is consumed, but only momentarily until affect is released (either consciously or unconsciously) and reenters the space of virtual energy and in-between-ness.
The classroom offers up a good example of such an affective space. For example, a high school classroom where financial training takes place is positioned as a space conducive to knowledge transfer. In this atmosphere, the teacher is positioned at the front of the room while students are seated before him/her, the florescent lighting and lack of window limit opportunities for distraction, and in general, it is a discursive space in that it “designed” for communicative interactions between bodies. This makes it possible for affective forces or energies to flow from the front (teacher) to other parts of the room (students). In passing on information (immaterial and material) regarding financial education, the teacher makes use (unknowingly) of the affects in the space, which are directed towards the students as training occurs.

In this discursive space, the teacher’s communication of financial information comes together with the affects of the room and lead students towards the actions of processing both language and affective energy. If this does indeed occur, the bodies of students take in the affects of the room and in response produce something positive: “I feel confident now that I know how to set up a Roth IRA.” In response, the bodies of these students send affects back into the classroom atmosphere where they continue to circulate, further rendering a social sphere in which liberal economic knowledge is consumed.

The moment of consumption or feeling is the most crucial in the transformation of affect into emotion (Brennan, 2004). Until then, affect exists alone as an energy in an atmosphere and in this space it has the potential to do many things. Once embodied, the affect is felt, the potential is minimized, and the affect is actualized. How the actualization is experienced or how an affect is “felt” is a subjective event dependent
upon the physiological and cognitive structures of those who consume it as well as the
discursive potential of the space and the information contained within it. For example, the
affective energy of the classroom has the potential to make some students happy while
making others nervous. However, in order to make happy or nervous, the potentiality of
affect must be experienced and transformed into an emotion, an event that takes place
through the combination of sensations and feelings specific to each body: sensations are
how the body responds to the affective stimuli and feelings are the sense made of those
responses.

Affects and emotions are often wrongly consolidated into meaning the same thing
(Brennan, 2004) when in fact they are not (Massumi, 1995; Grusin, 2010; Gregg,
personal communication, October 10, 2013). In terms of what was outlined above, affects
exist as energies outside of the body, but get into the body and trigger physiological
(sensations), which are then felt. The feeling lends to a process of articulation (cognition)
dependent upon the established rhetorical space. Once labeled, an emotion is known.

The affective energy of the aforementioned classroom interacts with bodies in
space and is sensed/felt. Part of the feeling involves making sense of what the body is
saying. In other words, a student who goes in with a physiologically and cognitively open
approach –established over time and in response to a myriad of social arguments, for
example, a moral obligation towards his/her community à la etho-politics– could come
away saying, “This stuff makes me confident” while another student, someone not as
inclined, says, “This stuff makes me nervous.” Both consume the same affective energy,
but the physiological reactions to the stimuli adhere to disparate discursive renderings
and thus, different emotions to label the experience. While affects and emotions are
related, the two are very different things; we might say that emotion is the body (physiological) and mind’s (cognitive) combined subjective experience of affective energy.

**Overview of Affect Theory**

The theoretical study of affect experienced resurgence in the mid-1990s fueled by scholarly work that revisited the theories of Silvan Tomkins (Sedgwick and Frank’s “Shame in the Cybernetic Fold”) and Baruch Spinoza (Brian Massumi’s “The Autonomy of Affect”) (Gregg & Seigworth, 2010). In the years since, several lines of thought have developed in the field of affect theory that can begrudgingly be categorized into the following theoretical approaches: phenomenology of affect, psychology of affect, politics of affect, and transmission of affect.

The phenomenological approach to affect views affect as something that exists naturally in environments made up of all things human and nonhuman, including animals and machines (Thrift, 2004; Gregg & Seigworth, 2010). Scholars taking this approach to the study of affect attempt to understand the embodied experience one has with the affective energy and rather than being concerned about the source affect, what matters in this line of thought is how the affected body provides “scaffolding and extension” for the understanding of one’s worldly experience (Gregg & Seigworth, 2010, p. 6). This category of affect work would include more traditional phenomenologies of affect (Vivian Sobchack’s work on the affective experiences of film-goers) and new works that examine how media technologies inform, influence, and become part of one’s affective experience (N. Katherine Hayles work on the “posthuman”).
An example of this work is found in Clark (2003) who takes the phenomenological approach to highlight the “complex and heterogeneous developmental matrix in which culture, technology, and biology are pretty well intermingled” (p. 86). In this theorization, affect is a natural element of the lived space that flows between all things that inhabit it, binding all together. Rather than being something conducted through discourse, affect simply “is” in this world, triggering the “co-evolution” of beings as a pure component of the lived experience that moves in and out of the things, including the “skin-bag” that is the human body (Clark, 2003).

In relation to liberalism, this naturalness and purity was the justification for personal freedoms used by Adam Smith in the texts that influenced the development of liberalism in the United States. In both the *The Theory of Moral Sentiments* (1790) and *An Inquiry into the Nature and Causes of the Wealth of Nations* (1904) Smith recognized a natural element at work in human decision making that could not be manufactured or governed, but rather, should be set free and allowed to move humanity forward. Affect was that instinctual energy that would structure all rational decision-making when individuals were allowed to make free choices. For Smith, confidence was itself a natural component of the liberal space that would enable rational choices. In other words, confidence was not something to be manufactured through discourse, but rather a natural product that flowed through the relations binding a liberal society together.

The psychological study of affect is often informed by the work of Tomkins and/or Sigmund Freud (Thrift, 2004; Gregg & Seigworth, 2010) and is interested in the interconnection between human drives, affective forces, and emotional experiences. This line of thought is more concerned with humans as a source of affect than it is with the
environment as the origin and has played a significant role in the proliferation of interest in the emotional well being of the bounded self (Brennan, 2004). Also common in this work is the classification of drives, affects, and emotions (Gregg & Seigworth, 2010) and interest in the pathologies of affect gone wrong (Daniel Stern’s work on mother/infant relationships).

Brennan (2004) uses this approach when discussing “the new maladies of the soul,” such as ADHD, chronic fatigue syndrome, and fibromyalgia (p. 45). In each of these cases, the person suffering has consumed the negative affective energy projected onto them by other, such as a parent in the case of ADHD or abusive spouses in the case of fibromyalgia. A process of “dumping” is involved in these instances as the psychological burdens of one are transmitted to another in the form of affective energies that collect in the bodies of those affected (p. 47).

This projection was at work in the argument put forth by neoliberalism, specifically in relation to human capital. The consumption of human capital (i.e. building an economic knowledge) and the subsequent construction of an economically savvy decision-maker was itself a process of psychological affective transmission as one took information from a source and used that information to construct a rational perspective for cognition. However, as highlighted previously, this argument may have worked effectively at some level, but the presumption that the interaction with the affects of neoliberal discourse would lead to confident choices failed to see that not all liberal citizens had such an experience when consuming the information of financial education. For example, rather than becoming confident, one could in fact feel overwhelmed. As I
will highlight in later chapters, the affective potential of neoliberal rhetoric would need articulation by individual decision-makers if it were to be fully realized.

The political approach to affect looks at how affective energies carry political value and how opportunities for “predicaments and potentials” are made possible for the bodies that consume these affects (Gregg & Seigworth, 2010). This work examines the material aspects of affect, including physical and psychological changes, and the influence affect has on forming and sustaining identities dependent on gender, sexuality, disability, and other marginalizations. This line of thought is interested in how affect orders bodies and determines identities (Martha Nussbaum’s work on shame and disgust), but also how affect offers opportunities for those same bodies to resist (scholarship often completed under the banner of cultural studies).

Several pieces of scholarship have examined the role of shame in the governance of Mexican immigrants in the United States. For example, de Hoyos and Ramirez (2006) looked at the role of shame in the discourse surrounding assimilation in education, finding that the level of shame felt in relation to one’s family and to American culture greatly impacted learning experiences. Gamlin (2013) examined the role of shame in the medical decisions made by immigrant workers, finding that shame often kept these individuals from seeking healthcare when needed.

Rose (1999) discussed the politicization of such things as shame, honour, and duty within the etho-political approach to liberal governance, finding that these “affects” were at work in attempts to frame liberalism as an ethical and moral imperative. Considering that social bonds often entail the existence of affective energies, any liberal argument made towards a community obligation will involve the politicization of affects.
and emotions. As highlighted above in the reference to Warren Buffett, having confidence in a liberal society enables one to develop a specific type of identity and separate him/her from those who do not have such confidence for political gain.

The final approach to the study of affect is found in work that frames affects as unbounded, atmospheric energies constantly flowing within the social sphere and triggering physiological changes in the bodies with which they interact. While this could be a general statement of affective energies, what makes this school of thought different is the idea of contagion, which depends on two factors: transmission between bodies and a false sense of the bounded self. Thus, according to this logic, while affects do flow from environments to bodies and bodies to bodies, the affectual qualities of the social environment (and the ability for affects to “get inside us”) are ignored due to the “privilege and stability” of individuals “possessing self-derived agency and solely private emotions within a scene or environment” (Gregg & Seigworth, 2010, p. 8). Therefore, an affect’s contagious ability comes not solely from its energetic dimension, but from the fact that it continues to be ignored.

The work of Teresa Brennan (2004) can be placed under this category as her scholarship on affects, sensations, and feelings takes for granted affect’s ability to pass from one body to another and for environmental affects to get into the bodies of those who inhabit that space. Brennan’s work is also posited on the belief that most Western societies have come to ignore the presence of affect in favor of a belief in the bounded self, an argument integral to reasoning of liberal economics, but one that has come under increasing scrutiny with the rise of behavioral economics as this faith in self-contained
individualism is what fuels affective contagion and is what makes affects and the sensations-turned-feelings they trigger so powerful.

In line with this logic, what follows is further explanation of Brennan’s theory of affect, including its similarities and differences from the concepts of affect and emotion previously outlined. This sets up the summarization of affective transmission and affective entrainment, two of Brennan’s concepts, which are important if we are to understand how affect has been conducted in combination with the rhetoric of financial education to render possible a liberal environment in which financial actors and actresses acquire the potential necessary to participate confidently in the market economy.

**Transmission of Affect, Contagion, and Affective Entrainment**

Beyond being energies or forces, affects, for Brennan (2004), are the body’s evaluative orientations formed in response to internal and external stimuli. These orientations are separate from the feelings that register and give names to these stimuli. Unlike feelings, affects are judgments embodied as “material, physiological things” whereas feelings are information sent by one of the five senses to be registered in the brain and cataloged in the form of language (p. 6). Affects give rise to physical changes and sensations; sensations are registered as feelings; and “feelings are sensations that have found the right match in words” (p. 5).

“Affects find thoughts that suit them” thus, making affective acknowledgment difficult for “the self-contained Western identity” that hinges on the belief that the human acts upon the social (especially in regards to affects) (Brennan, 2004, p. 7). Therefore, in the classroom mentioned above, affects are always-already present. The information sent from teacher to students needs the affective energy of the discursive space if it is to be
learned/taught. Thus, not only must teaching environment be rendered effectively to compel one towards learning, but such a space must also capitalize on the affective components needed to conduct students towards self-governance via financial education.

While an affect remains the same, the feeling registered in response to the sensation caused by the affective judgment will change depending on the field of governance and “social reasoning” the established in the environment through discursive technologies (Goodnight, 1989, p. 60). Therefore, while an affective energy exists in the learning environment, different bodies will interact with that energy according to their own relationships to with the “sphere of argument” (p. 60). The sensations triggered by the affect and the discourse the affect has matched up can lead individuals towards different physiological experiences.

Brennan (2004) uses affects and emotions interchangeably and instead, differentiates between affects and the sensations-turned-feelings these affects trigger. It is my contention that rather than having affects and emotions thought of as the same entity, we might instead come to understand the sensation/feeling combination and emotions as synonymous considering that both are physiological and psychological products that result from interactions with affects and involve a physio-cognitive interpretation of that affect. From this viewpoint, affects remain as virtual forces or potentialities outside of language (Massumi, 1995, 2002). However, once the body reacts to these forces they are labeled via the cognitive equipment provided by discourse.

This process lends itself to recognizing emotions as subjective experiences for the bounded self, rather than affects as unbounded and objective forces. This is a matter rooted in the Western belief of the self-contained individual, which actually adds to
affect’s potency (Brennan, 2004). This added empowerment of affect is made possible
due to the complex relationship between affects and drives as the “unintelligent” energies
of the latter fuel affects’ unrestricted and unpredictable nature.

The social impact of traditional psychology (Freud) can be recognized in the
reliance on concepts of life and death drives to make sense of the unconscious instincts
that manifest during our subjective relationships with things outside of the bounded self.
According to this logic and its impact on the lived experience, the life drive is directed
towards others who lovingly attend to the subject, an attention that begins in utero where
“there was no delay between the perception of a need and its fulfillment” (Brennan, 2004,
p. 37). After birth, this positive memory of this loving attention remains and feeds the life
drive projected towards the caregiver through positive energy and affect.

At some point the subject’s needs are not met instantaneously and “the first
hallucination” occurs in an attempt to satisfy the needs of the subject (Brennan, 2004, p.
37). However, the hallucination never satisfies (e.g. a hallucination about the breast is not
going to satisfy a hungry infant) and therefore must be repressed. The subject becomes
confused about who triggered the repression and its unsettling energies, is not aware that
the negative experience was self-induced, and “blames the other for the bad feelings
occasioned by the repression” (p. 37). In this moment, an emotion is experienced
(“anger”) and in response, it is projected back into the atmosphere as an affect that
“literally [gets] into, the other” (p. 37). In psychological terms, this projection is the
affective energy of the death drive as it attempts to fill the lack created by the repression,
an impossibility as the lack will only absorb and deplete the “living attention” or life
drive of others (p. 40). While the energy of the death drive is embodied in the affects that are transmitted, the energy of the life drive is turned inward as affects targeting the ego.

Such an understanding of the first hallucination explains how the subject and the subject’s social relationships influence the human unconscious and formulate the myth of the self-contained individual, a myth that has no doubt fueled the presumed unemotional rationality of modern liberalism (Brennan, 2004, pp. 59-62). In this story the infant has allowed for the repression, but it is the caregiver who is blamed. Thus, both infant (subject) and caregiver (social) are implicated in the life and death drives informing the unconscious. The same unconscious projections occur throughout our lives as a “projection is what I disown in myself and see in you; a projective identification is what I succeed in having you experience in yourself, although it comes from me in the first place” (p. 29). The acceptance and pervasiveness of psychoanalytic theory has led the bounded self to cast out, via affects energized by drives, those elements it does not like and often does so without a conscious awareness of the action (Brennan, 2004).³

This casting out or projection is the “transmission” of affects and occurs as affective energies travel from one body into an environment. Once in that space the affect gets into the bodies of others where it is interpreted as emotions. As Brennan (2004) makes clear, the failure to recognize this process does not mean it does not happen. In fact, this ignorance actually fuels affects. In returning to a belief in “animal spirits,” some

³ Brennan (2004) states, “we should conclude that the affects are always passive and always negative, in so far as they obstruct, deregulate, and divert the life drive and force of love” (p. 38). I believe affects are a bit more complex than this and that positive affective energy is actually what is being conducted by the mediated rhetoric of financial education, and what interacts with the bodies and minds of financial actors/actresses to ensure they make confidence economic decisions.
economists recognize that affects and their emotional descendents impact financial decision-making (Ackert, Church & Deaves, 2003), are contagious (Kaminsky, Reinhart & Vegh, 2003), and can multiply, often to the detriment of financial markets (Akerlof & Shiller, 2009). Without clearly stating it, this work is dependent upon the transmission of affect. In fact, the failure of the Bear Sterns hedge funds involved bodies transmitting affects into the US’s economic atmosphere where other bodies from other investment banks consumed that energy and processed it via mechanisms of sensing/feeling or emotion.

The telos of this transmission is “entrainment,” a phenomenon that occurs when an affect is transmitted into the environment and triggers similar reactions from those who receive the affect (Brennan, 2004). Entrainment also occurs when people become relationally opposed to the same affect when received (e.g. aggression makes one person angry and another person depressed) (p. 9); however, for the purpose of this work the focus is on those moments of entrainment that enable the same emotional reactions.

Affective entrainment occurs through the transmission and consumption of information received via the senses and manifests as both nervous and chemical entrainment. When a body sees, feels, smells, tastes, and hears affective information coming from an environment that same body can have a physiological reaction that mimics the internal condition of others in the room. This can happen mimetically as one body becomes like another through imitation (Brennan, 2004, p. 10). It can also occur through chemical transmission: consider how economic analysts often recognize

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4 According to Goodnight and Green (2010), rhetorical mimesis has similar repercussions for economic bubbles as some investors imitate the herd to seek additional profits while others go against the herd in hopes of leaving an investment right before the bubble pops.
adrenaline as the predominant hormone present in the financial sector where traders become “junkies” or “addicts” who “juice” themselves by simply being present in the trading room environment (Cramer, 2002; Shazer, 2013).

In this latter situation, the bodies transmit affective energies. Sensations and hormonal reactions occur and other bodies “imbibe” these “direction-givers which, as molecules, traverse the physical space between one subject and another, and factor in or determine the direction taken by the subject who inhales or absorbs them” (Brennan, 2004, p. 75). Emotional recognition is triggered, which results in entrainment and a shared emotional experience.

The ability for contagion to take place depends upon the argument put forth by the governing rationality invested. Through discursive technologies, in this case, financial education, a learning environment in rendered –in schools, in the workplace, and in the community– where individuals interact with the rhetoric of liberalism. However, the key to contagion is not solely the consumption of information presented in this space, but the action that takes place while involved in its social relations as well as action taken outside during other relations as both unfold through the mechanisms of reasoning provided by the liberal discursive technology. The actions themselves become articulations of the liberal argument and proof of its ability to incite affective contagion.

Continuing along this line of thought, entrainment becomes possible when the discourses that render a liberal environment are effective. Chaput (2010) argues that such rhetorical effectiveness comes from the affective value one adds during articulation. With each act –such as a calculated investment decision– value is added to the liberal argument, making the reasoning offered by this argument more habituated. Thus, the “habituation of
beliefs and behaviors” comes not from the rhetoric of liberalism itself, but from the value-creating acts, which are both rhetorical and affective by nature, conducted within this discursive space (Chaput, 2010, p. 14). This is the entrainment Brennan (2004) envisions, but with an added awareness communicative action as the enabler of this entrainment.

In turning to the work of Brennan (2004) it has been shown that even within a society that fails to see transmission of affect as an actual occurrence, it does indeed happen and can foster entrainment shared by multiple bodies simultaneously. With this understanding in place, this dissertation aims to lay bare how the discourse of financial education has functioned in combination with affective energies to enable shared (or similar) experiences that fuel the promotion of confidence.

**Premediation from Above and Below**

Grusin (2010) acknowledges the existence of affective transmission and entrainment, but uses the label “affective orientation” to describe the ways in which media technologies and media users intertwine to form patterns or maps that order the potentialities of affects, their interactions with bodies/minds, and the emotions they trigger (pp. 95-97). According to this approach, affects retain their autonomy, but rather than simply being energies flowing between atmospheres and bodies, media –including “traditional” forms such as print, television, and radio and “new” forms such as blogs, social media, and mobile phones– provide the discursive conduction needed for affect to

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5 Brennan (2004) reiterates the fact that transmission of affect occurs consciously and unconsciously. I side with her belief that awareness of the process does not necessarily matter. Instead, what is significant is that transmission does happen.
be translated into an emotion, specifically into a low level of fear and anxiety shared by
the American public. This is the process of is “premediation.”

Premediation is a “logic” in the sense that it is made up of “rhetorical and
categorical continuities” that exist “across different discursive and biopolitical formations”
(Grusin, 2010, p. 5). Through this framework, as a technology of governance,
preamediation impacts subjective experiences from disparate angles to enable and
genender specific ways of thinking and doing and involves the “competing and
contradictory” existence of “diverse discursive and technical media formats” (p. 13).

However, as disparate as these pieces may be, they are interconnected and share
the same goal, which is to generate a plethora of possible scenarios that may or may not
occur, modulate affect, produce a feeling of anticipation, and moderate actions in the
present (p. 47). When premediation began as a media logic in the 1990s it occurred via
traditional news sources looking for ways to counter the immediacy offered by newer,
faster news outlets. At the time, newspapers and television news programs/networks
sought to offer coverage of what might happen in the future, rather than coverage of what
has already happened.

The ability for premediation render possible several future affective experiences
made it a valuable practice informing the media artifacts produced after the 9/11 attacks.
Like the predictive news stories from traditional sources attempting to beat new news
sources to the future, premediated news products after 9/11 attempted to “remEDIATE”
multiple versions of the future to “maintain a low level of fear in the present and prevent
a recurrence of the kind of tremendous media shock” experienced after the attacks
(Grusin, 2010, p. 4).
Through remediation, the practice of repeating discursive tropes across several media interfaces (Bolter & Grusin, 1999), post-9/11 media (mass and user-generated) not only repeated stories of what may come and ordered the affective energies needed to make those stories stick. Entrainment through the premediation of media technologies circulating affective energy was intended and meant to foster and mobilize both individual and collective affect. As a result, Americans came to anticipate the future and although the future was not predicted, the potentialities, especially affective potentialities, of the future were semi-realized.

In the months and years after the 9/11 attacks, the premediated media production and maintenance of shared fear and anxiety occurred “from above” and “from below,” with the goal in each case to offer up an “affective prophylactic” towards something “that has not yet happened” and protect American citizens from another horrific surprise (Grusin, 2010, p. 46). The message “from above” came from Bush Administration rhetoric and the media outlets that circulated it. Most notably, this was found in the “media regime of pre-emptive war” that led up to the March 2003 invasion of Iraq (p. 41). Such premediation included coverage of the ongoing battles in Afghanistan, the search for Osama Bin Laden, coverage of the anthrax hysteria, and correspondence with former military and intelligence agency personnel. The overarching theme of the coverage was to remediate news that structured affect in a the post-9/11 atmosphere, engender a shared feeling of anxiety, and make possible an either/or situation: either the US military would engage in another war in the Middle East or another terrorist attack would take place on US soil.
The anticipation and inevitability of future US military action was proliferated in networks shows such as MSNBC’s *Countdown: Iraq* and CNN’s *Showdown: Iraq*, which aired weeks before the Iraq War commenced. Though the circulation of possible future events these shows, and others like them, the American public came into contact with discursive technologies that provided a framework of reasoning through which affects of the post-9/11 atmosphere could be approached and fostered the emotional patterns or maps that fueled public support for the Bush Administration’s agenda.

Influenced by the logic of premediation, news media products such as these served as conduits to:

Promote and modulate potential individual and collective affective qualities and intensities from which actual personal and social structures might or might not emerge. Such structures of feeling operate ordinarily as part of our media everyday, but in periods of crisis and rapid affective change their operations became much more intense and thus much more visible than at moments of relative quiescence or stability. […] This affective intensification fosters public and media sentiment in mobilizing or opposing large-scale resources for governmental action (Grusin, 2010, p. 148).

In this case, sentiment was mobilized and military action was taken. However, what needs to be understood from this example of premediation is the way in which the news media was used as the interface through which discourse passed that made certain affective orientations possible. As a result, the post-9/11 affective atmosphere of the United States could be influenced, modulated, and used to map out emotional potential. There was “negative” affective energy (Brennan, 2004) present in the days, months, and years after 9/11 and through the anticipatory rhetoric of what was to come, this energy could be channeled into shared fear and anxiety.
Many of the mediated predictions about what was to come for the United States ended up being wrong, but according to the logic of premediation, this did not matter (Grusin, 2010, p. 44). In fact, the mixed messages actually fueled the idea of pre-emptive warfare as these media forms produced a “collective affective orientation both towards particular futures and towards the future or futurity in general” (p. 48). The sheer amount of news about what might happen actually modulated the post-9/11 affective atmosphere and ensured that “whatever form the future takes it will emerge only within the possible futures enabled by premediated networks of technical, social, and cultural actors” (p. 50). The result was an anticipatory orientation towards the future and a fearful or anxious feeling that something was going to occur. How Americans lived in the present was significantly impacted by this affective orientation along with the emotions it triggered as daily experiences were modulated heavily by the presumptive rhetoric and affective entrainment afforded by pro-war White House rhetoric and its circulation through the major national and international news sources (p. 50).

The introduction of digital media technologies that enabled users to more easily create and circulate content coupled with the “promiscuous” nature of affect to complicate the practice of premediation after 9/11 in ways that problematized the analysis of premediation’s application according only to interest in how power was practice “from above” (Grusin, 2010, p. 99). No longer did premediation occur only though mass media conduits transmitting messages and ordering a shared affective experience. Instead, mobile technologies, social media, and other media-based platforms for user-created content functioned to foster an atmosphere of fear and anxiety, as well. This “complex system of premediation” consisted of social, cultural, and medial institutions and
practices whose technical and social discourses attempted to modulate affective energies by encouraging the production and circulation of premediated artifacts “from below” (p. 120).

These advancements allowed for the same transmission of affect practiced by mass media outlets. For example, the circulation of the Abu Ghraib pictures were already coupled with negative affective energies as they moved from email inboxes to blogs and “distributed our affective responses” to Middle East military action (Grusin, 2010, p. 89). However, through the circulation of these photos as well as artifacts produced and circulated via user-created products new affective orientations and emotional experiences were made possible. Thus, the Abu Ghraib photos did not simply trigger fear and anxiety, but disgust and shame as well, a phenomenon that occurred because of the affective relationships users had with their media and the ability for these relationships to foster (rather than simply transmit) additional affective orientations and subsequent emotional experiences via the discursive framework they disseminated.

Logistically, this occurred and continues to occur through “affective feedback loops,” an assemblage that consists of users and media technologies that “translate or mediate action into another affective form or networked assemblage” (Grusin, p. 103). In this human-technology amalgam, users interact with the mediated discourse, triggering a response. The user then consumes the translated, mediated response in the form of rhetorical and affective information transmitted through various sense channels, especially image (screen), sound (speakers), and touch (touch screen). This information then has the potential to change the affective orientation of the user and the emotions engendered by that orientation.
These feedback loops “develop and perpetuate new cyborgian affects among humans and nonhumans” as media technologies are not simply the means through which affects are transmitted, but rather function as one part of a complex relationship that actually produces its own affective orientations (Grusin, 2010, p. 111). When the affects produced are positive ones, the chances that the human-media loop will repeat increase as it capitalizes on the natural motivation towards “good” rather than “bad” emotional experiences (p. 99).

Consider, for example, the affective exchanges that occur when one is engaged in electronic gaming:

When video or computer games respond to commands, actions, or moves of a player, they operate as computational systems that produce changes in the game state represented on screen or in the simulated world of the game. Consequently, it makes sense to think about how these responses produce affective changes in the player of the game. In other words, players are engaged in affective exchanges with the game even if the algorithms of the game are not designed explicitly for that purpose (p. 111).

The same process occurs when one interacts with tradition media technologies such as changing the channel on the television or skipping to the next scene of a DVD. However, I believe these new technologies bring with them an added level of effectiveness because the premediation process is that much more immediate and hypermediated: immediate in the sense that the user-media affective feedback loop often circulates discourse and affect significantly faster with new technologies, and hypermediated in the sense that the user will often have similar relationships across several interconnected mediated technologies with all working towards the creation of the same orientation.

For example, when I post a photo on Facebook via mobile app, the technology responds and does so with immediacy: with a decent Internet connection the photo
appears on my Facebook timeline and I see it on my mobile phone almost instantly. I consume the mediated response and when others comment on or “Like” my photo I take in even more language-based and affective information from the technological assemblage (Facebook, mobile phone app, mobile phone) that can influence my affective orientation at the moment and trigger a modulated emotional experience. As a result, I feel “happy” because people like my photo. This is an instantaneous, immediate process involving discourse and emotion that conducts me towards the continued use of both Facebook and my mobile device.

Hypermediacy adds to the effectiveness of user-media affective feedback loops because, for example, I am able to consume this information across several, interconnected and networked media platforms: I have not only posted the photo on Facebook, but also on Instagram, Twitter, and my personal blog, and I consume added affective information with each “click” my networked photo receives. The affective information co-created and received through these immediate and hypermediated user-media relationships adds complexity to the application of premediation in ways not possible by top-down, mass mediated content creators.

This particular manifestation of premediation is significant and complicates the overall argument about confidence modulation after the 2007-08 financial crisis, because these immediate/hypermediated affective feedback loops take place at the individual level and use the articulating actions of individuals to generate complex affective orientations. Unlike the “from above” application of premediation, user-based “from below” premediation is fueled by the affective power of the individual and his/her interaction
with the affective environment. Often times this affective power can lead to emotional experiences—such as confidence—that are much harder to uncover as problematic.

Shiller (2000) discusses the existence of similar user-driven feedback loops within the framework of behavioral economics and fleshes out three types of feedback loops present in market economies: adaptive expectations loops, investor confidence loops, and emotional reason loops. Adaptive expectations involve the revisions to investor expectations caused by price changes. Initial price increases cause increased investor demand (more people want in on a stock). This causes a second round of price increases and added demand. And so on. Investor confidence and emotional reason take a similar path as confidence and emotion increase from round to round (pp. 60-62).

Unfortunately, Shiller’s (2000) discussion of confidence and emotion within feedback loops is very brief and never does he explicate the differences between the two, or their physiological and psychological attributes. They are simply “irrational” influences on financial decisions. In addition, unlike Grusin (2010), Shiller never discusses the implications of where financial information is initially coming from (above or below) that might lead to an increase in price, demand, or confidence. Thus, from Shiller we might take the awareness of feedback loops within economics and financial decision-making, but without an awareness of their affective and energetic dimensions.

For this we must return to Grusin (2010), who argues that the affective energies and the emotions they engender are what make user-created premediation so effective.

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6 Shiller’s (2000) “emotional reason” are “reasons unconnected with either expectations or confidence” meaning the investor is playing with house money or has an apathetic inclination to riding out his/her position on a stock (61). The fact that such actions might be considered apathetic further prove some of the blind spots of behavioral economics.
and problematic. User-created content and user-media affective feedback loops encourage mobility, interactivity, online communication, and the production of data, as well as the “mediaphilia” these actions accompany (Grusin, 2010, p. 133). In the case of post-9/11 affective feedback loops, the affective energy that engendered these positive emotional experiences an individual has with media actually furthered the doctrine that the US must do what it needs to do to prevent future catastrophes as this “always-on” and “anticipatory” mentality “vitalize[d] the regime of securitization” (p. 126):

Premediation transforms the violence that establishes the state of exception as the rule from an externally imposed or enforced violence to one which is continuously in the process of being imposed and reimposed by means of the mediality of the anticipatory gesture, by our networked, affective interactions with our media everyday (p. 132).

Rather than simply consuming the premediated rhetoric of the Bush Administration via mass media news sources, through the embrace of interconnectivity Americans have actually played a role in the modulation of affective orientations along with the impassioned desire for security and practiced securitization they have spawned.

In many ways, this is an etho-political governing technology as it capitalizes on the positive capacities of affect to conduct individuals towards actions that can be considered self-governance. Like the ethical and moral imperative Rose (1999) discusses, media users in Grusin’s examples were guided towards action through discourses “of communities, of associations, of networks, of belongingness and identity” (Rose, 1999, p. 475). In both cases, the rhetorical logic produced through discursive technologies combined with affective potential to enable the possibility that individuals would effectively conduct themselves toward the benefit of the prescribed liberal rationality.
We enjoy the affective relationships we have with our media technologies (Grusin’s “mediaphilia”), but this has “operat[ed] to encourage, make possible, and proliferate an ongoing flow of everyday media transactions, which provide the raw data to be mined so that future, potentially disruptive events of terrorism or other violent attacks can be pre-empted before they ever happen” (Grusin, 2010, p. 134). This love of media and the willingness to open all facets of our lives to networked technologies have created an abundance of data that has fueled premediation, enabled securitization, and limited the freedoms of Americans in the years after 9/11.

According to Grusin and his understanding of premediation, no longer is it simply the ominous figure of the “State” that watches over the actions of Americans through practices of surveillance. In the years since 9/11 Americans have embraced affective relationships with media technologies, which couple with mass mediated news coverage to provide the “explicit and implicit norms of communicative reasoning presupposed in a particular argument, a field, or whole range of social argumentation” (Goodnight, 1989, p. 60). Such discourse vitalizes an affective atmosphere where the emotions of anticipation, fear, and anxiety can originate through the embodied actions of free persons. It is this same two-pronged approach that is now at work in the production of confidence at the level of the individual, a process of modern liberal governmentality that will be explained in greater length in the following chapters.

**Affect, Mediation, and Confidence**

Brennan (2004) and Grusin (2010) understand affects as material information that travels from atmospheres to bodies, bodies to atmospheres, and from bodies to bodies. Until they come into contact with interpretive structures affects exist as potentialities that
have not yet been realized. Without bodies acting in discursive spaces, affects exist in the realm of the possible, present, but never actualized. However, affects are transmittable and when they do interact with bodies, affects are sensed by the flesh and translated into emotions through the cognitive and discursive framework taken in by the mind (Brennan, 2004). This theory of affect helps to understand how post-9/11 premeditation was employed as a logic both “from above” and “from below” to conduct affective energies, foster a shared affective orientation, and use this entrained sense of anticipation to engender fear and anxiety as a means of pushing forward a regime of war (Grusin, 2010).

The theoretical frameworks provided by this scholarship in affect theory add depth to the study of governance, especially in their ability to foster an awareness of the affective elements at work in the “circulation and uptake” of discourses by individuals, which in practice function as acts of articulation that further a liberal governing rationality (Greene & Hicks, 2005, p. 102). Together, affect and governance inform the examinations conducted in the following chapters and help uncover how the discursive technology of financial education modulated affect to lead free individuals towards confident choices.
Chapter Four: Making (Etho-Political) Financial Education Accessible

As the 2007-08 financial crisis unfolded, several overt attempts were made by government leadership to reestablish confidence in the US economy. For example, the Federal Reserve decreased the discount rate three times between August and December 2007 to open up borrowing and increase liquidity at commercial banks (Federal Reserve Bank of New York, 2008) and orchestrated increases to cash flows between central and commercial banks across the globe (Guillén, 2011).

In addition, during a speech at the Federal Reserve Bank of Kansas City’s Economic Symposium on August 31, 2007, Bernanke quarantined the nation’s economic issues in the housing sector before reporting “relatively good performance in other sectors” (2007c, para. 38), an argument he had made several times in the months prior. President George W. Bush also attempted to boost American confidence and on several occasions addressed the economy to reiterate its health via references to “four years of uninterrupted growth” (2007a, para. 2) and “49 months of uninterrupted job growth” (2007b, para. 8).

Through their communicative actions, both Bernanke and Bush attempted to order the affective crisis environment by employing distinct, but interconnect discursive

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1 Interestingly, Bernanke made a claim for investment in education in one of these “confidence” speeches, saying at the Princeton Prize in Race Relations Awards Program, “As an economist, I am persuaded that a strong educational system--one that promotes lifetime learning and skill development--is a critical factor in our nation's prosperity” (2007b, para. 5).
technologies that would make possible the actions of “men and women who take risks, try out new ideas, and have the skills and courage” needed for America “to stay competitive in the global economy” (Bush, 2007a, para. 3). Through rhetorical and monetary actions, the discursive material needed to legitimate a liberal process of reasoning was provided with the intention of guiding individuals towards actions of confidence articulation that would counter the decrease in confidence that had occurred.

In retrospect, there were three issues with these attempts to administer confidence: 1. These were actions orchestrated from the centers of government in an openly top-down maneuver that went against the self-limitation of the state in a liberal society, 2. These communicative acts flattened the governing capacity of discursive ensembles and instead, treated the argument in favor of confidence creation in the same way a Bitzer’s (1968) rhetorician would in the midst of a “rhetorical situation,” as rhetorical effectiveness came from the speaker’s (in this case, Bernanke and Bush) ability to “create and present discourse” (p. 9) appropriate to “the characteristics of the situation” (p. 1) in straightforward fashion, rather than seeing any situation as a complexity of discourses constantly intermingling to render an ever-changing reality, and 3. In the long run, none of these attempts worked.

The result was a crisis of governance as the rationality of neoliberalism failed to motivate a collective of self-interested, risk-taking subjects due to an “irrational

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2 Chaput (2010) points out a similar situational rhetorical response to the economic crisis offered by President Obama in the early months of his presidency (p. 8).

3 Monetary policy gets a unique pass in that it is a form of government intervention, but more often than not, the members of the Fed have direct ties to commercial and investment banks. Thus, I would argue that the intervention’s anti-neoliberal nature gets strategically ignored. For more on this, see the work of Suskind (2011) and Taibbi (2011).
exuberance” (Shiller, 2000) and an unmanaged level of confidence, both high and low, that drove the US economy to the brink. In turn, the governing assemblage needed the supplement of etho-politics, which created a new avenue – an emphasis of the community– through which the freedoms of individuals could be managed. In this enhanced regime of governance the rhetoric of financial education, specifically its focus on ethical obligations, became the means through which affective value could circulate and engender the actions needed to render a confidence environment possible.

This chapter examines the focus on self-interested, but community-responsible subjects found in the rhetoric of President George W. Bush’s Advisory Council on Financial Literacy and shows how, in its totality, the program functioned as a technique of governance meant to produce financially literate, confident, and risk-taking subjects. The products examined include President Bush’s executive order and the Council’s 2008 Annual Report, two examples of discourse that emphasized the potential of subjects who acted in the best interest of their communities.

Subsequently, the implementation of this rhetoric will be looked at in the form of programs that circulated this discourse as a way of furthering the Bush Council’s post-crisis argument and providing a solution through financially-educated students, employees, and members of what the Department of Treasury (2009) labeled “unbanked and underserved” communities. Integral to this last section will be the recognition of the digital-media based interfaces commissioned by the Council, which I believe capitalized on digital technology’s ability to circulate the discourse needed to order affective value with a speed and reach that added effectiveness to the financial education program’s “manufacture of subjects” (Foucault, 2003).
By analyzing this program of governance, this chapter will show how the discourses of financial education developed by the Bush-era Council mediated the financial crisis environment and through the transmission of affective value, attempted to train and produce confident decision makers and risk takers who acted according to an etho-political logic through “the habituation of beliefs and behaviors, a habituation that overrides fitting responses [and] individual interests” in favor of a healthy and confident American economy (Chaput, 2010, p. 14).

The Manufacture of a Problem

By January 2008 it had become clear that actions taken by central government had not slowed the crisis of confidence that had made it difficult for market actors—from Wall Street brokers to lay investors—to rationalize and capitalize on risk in the ways necessary to drive the American economy (Akerlof & Shiller, 2009; Shiller as cited in Fitzmaurice et al, 2011). In response, understandings were offered that problematized the issue in two very distinct ways. There was the neo-Keynesian argument, represented most fully by the work of Akerlof and Shiller (2009), Stiglitz (2010), and Shiller (2013), which saw the crisis of confidence as an issue caused by lack of government oversight and regulation. These scholars believed firmly in the liberal ideals of free markets and competition, but viewed the concepts of rational markets and rational decision makers as fantasies and stood on the notion that the government needed to regulate to counter market “irrationalities.” Shiller’s (2000) notion of “irrational exuberance” best exemplifies the neo-Keynesian viewpoint as a theory premised on the idea that non-
rational decision-making (ex. those choices skewed by overconfidence or fear) causes massive swings and inefficiencies in market activity.4

Counter to the neo-Keynesian framing of the confidence problem, the neoclassical explanation argued that the liberal citizenry was to blame for the crisis of confidence and claimed that because all of the tools necessary to act rationally—and thus, be financially successful—had been provided, those that failed simply had not capitalized on a competitive advantage. This argument came predominantly from the commercial and investment banking sectors. Folks such as Ken Clayton (as cited in Palmer, 2008) of the American Bankers Association and Charles Schwab (as cited in Department of Treasury, 2009), founder of the brokerage and investment firm that bares his name, saw the crisis as something that arose from the ignorance of the majority who made wrongheaded decisions about their own finances.

There were those who believed the system itself was too complex for lay citizens to understand and therefore, the issue was not knowledge (ex. Alan Blinder, economics professor at Princeton University as cited in Palmer, 2008). However, the problematization of the confidence issue that predominated was the one that took no issue with the regulation of the financial system and made individuals into the targets of reform and the means through which confidence could be restored. Thus, other solutions were simply foreclosed upon due to fear of more government intervention in the economic sphere and to the inefficiencies inherent within the Washington bureaucracy (Palmer, 2008).

4 Former Federal Reserve Chairman Alan Greenspan made reference to “irrational exuberance” in 1996 as a cause of distorted competition and pricing. Others have since extrapolated upon the idea, including Shiller (2000).
Those who viewed the individual as the target of reform then offered their own variations on a solution, which included the revision/reform/improvement of old financial training methods and the introduction of new “interactive and repetitive” management techniques (Palmer, 2008), both of which involved the digital mediation of discursive technologies that enabled potential affective orientations that could then guide individuals toward confident, risk-embracing decisions. The latter will be examined in the next chapter through a look into President Barack Obama’s own financial education programs.

But first, this chapter looks at the former agenda, which began on January 22, 2008 when President Bush issued Executive Order 13455 and established the President’s Advisory Council on Financial Education. As will be shown, there were several similarities between the two programs, especially in the discourse used to render individual confidence the possible solution to the economic problem. However, the Bush argument and the Council’s reasoning within that argument were unique – and somewhat naïve – as they attributed full potency to the discourse of financial education. Rather than forming a complexity of discursive technologies that together created an environment in which confidence could be produced via acts of articulation made by liberal individuals, the Bush Council moved forward with its creation and recommendation of programs for financial education from a starting point that had already given this discourse 100 percent effectiveness. As a result, the problem became how to increase access to this discourse.

The Manufacture and Administration of a Solution

It would be wrong to claim that the events of the previous weeks – the drop in global markets, the cutting of Fed rates, and the announcement of a $150 billion economic stimulus package – had led to the development of the President Bush’s Council
at the end of January 2008 as an order of this magnitude would time to construct. However, it was made clear in the rhetoric of Bush’s order that at that moment, the intention of the Council would be “to promote and enhance financial literacy among the American people” in order “to help keep America competitive,” and do so by “assist[ing] the American people in understanding and addressing financial matters” and “encourage[ing] financial literacy among the American people” (2008b, p. 1).

American’s competitive advantage had been minimized due to a decrease in the overall confidence needed for success in a competitive global marketplace that rewards those who capitalize on risk. A shared ignorance by the majority of financial decision-makers had led America to this point, but in this directive Bush has legitimated the actions of the Federal government and allowed it to provide these individuals with a better understanding of financial matters. In turn, a program was created that acted upon the social sphere by offering financial literacy to participants, but in neoliberal fashion that would place the onus for success on those who used this knowledge to make decisions, rather than the entities—including government agencies, private companies, and non-governmental agencies (NGOs) – that manufactured such information.

This subtraction of the State was reiterated by the Bush (2008b) order, which called for the creation of a Council that would include:

[I]ndividuals with backgrounds as providers of, consumers of, promoters of access to, and educators with respect to financial education and financial services. Each individual member of the Council will serve as a representative of his or her industry, trade group, public interest group, or other organization or group. The composition of the Council will reflect the views of diverse stakeholders (p. 1).

The Council would be open to multiple perspectives on financial education, but the government itself was not to be one of those as the only role of central government,
beyond creating the Council, would be to take advice from the Council (Bush, 2008b, p. 2).

This was problematic considering the perspectives Bush assigned to the 16-member Council, including these voices from within the same investment and commercial banking sectors that had played apart in the creation of 2007-08 crisis: Charles Schwab, founder and CEO of Schwab Corporation, Vice Admiral Cutler Dawson, President and CEO of Navy Federal Credit Union, and Don McGrath, Chairman of BancWest Corporation. The Council also included four NGO leaders who organizations produced and circulated rhetorics of financial self-sufficiency, including John Hope Bryant, CEO and Founder of Operation HOPE whose mission is to teach individuals “the global language of money” (Operation HOPE, 2008) and Sharon Lechter, CEO and Founder of the Lechter Development Group aimed at creating more effective financial education programs for families (Lechter, 2014). In other words, because the Council was to “advise the President and the Secretary [of Treasury] […] on means to implement effectively the policy set forth,” it appeared that the relationship involved the Council – made up mostly of those with a economic interest in preventing governmental regulation of financial markets– providing the “grid of intelligibility” through which State actions were conducted (Foucault, 2008).

Additionally, Bush brought in others from the financial education establishment. Ted Beck, President and CEO of the NEFE, Ted Daniels, President and CEO of the Society for Financial Education and Professional Development, Dr. Robert Duvall, President and CEO of the National Council on Economic Education, Jack Kosakowski, President of Junior Achievement USA, and Laura Levine, Executive Director of the
Jump$tart Coalition were all representatives pegged by Bush who brought with them several years of experience evaluating and developing financial education programs. However, as integral as these voices were for the Council to reflect “the views of diverse stakeholders” (Bush, 2008b, p. 1), it was clear that there was little interest in overhauling the system that had been in place. Instead, the issue was made into one of access and reach, two problems that could be solved by the new digital media programs of learning proposed and developed later by the Council.

There were five initiatives within Bush’s (2008b) order that would structure the work of the Council: “improve financial education efforts for youth in school and for adults in the workplace,” “promote effective access to financial services, especially for those without access to such services,” “establish effective measures of national financial literacy,” “conduct research on financial knowledge, including the collection of data on the extent of financial knowledge of individuals,” and “strengthen and coordinate public and private sector financial education programs” (p. 2). As a result, when the Council produced its report it was colored by Bush’s initial argument that had emphasized the importance of effectively educating students, employees, and members of marginalized communities in ways that would not only improve access to an economic discourse that could inform their choices, but also turn these subjects into sources of information on financial data that could be used to govern more effectively. In accordance with neoliberal governance, the rhetoric that structured the creation of and work by the Council was one that focused on securing the place of the current governing assemblage, as liberal individuals –acting presumably out of their own economic self-interest– offered
up the information needed to “regulate populations […] through rational, mathematical calculations’ (Chaput, 2010, p. 5).

When Charles Schwab wrote the opening comments for the Council’s report to President Bush in January 2009, it regurgitated much of the neoliberal rhetoric found in Bush’s order 12 months earlier. For example, Schwab wrote that the Council had completed the “simple, yet daunting” task of evaluating financial education and discovered “a series of recommendations for future initiatives that will help the country achieve the level of financial literacy that is imperative in today’s global economy” (Department of the Treasury, 2009, p. vii). According to the Council’s chair, they had found a more effective way to make financial literacy the means by which the US could regain its competitive edge: the expansion of access to the established discourse for students, employees, and marginalized communities (p. vii).

Further, Schwab legitimated the Council’s focus on certain sectors of the population and the desire to produce governable subjects through processes that targeted those populations by making these factions those most in need of guidance because of the ignorance that had come from their lack of access:

We believe the market turmoil and credit crisis of 2008 underscore the critical need for improved financial literacy […]. While there were many causes to the economic problems facing the country, it is undeniable that a lack of financial literacy is a contributing factor. Far too many Americans entered into home and other loan agreements that they did not understand and ultimately could not afford. More broadly, the lack of basic skills such as how to create and maintain a budget, understand credit, or save for the future are preventing millions of Americans from taking advantage of our vibrant economic system. And tens of millions of our citizens are either unbanked or underserved, which leaves them outside the economic mainstream. Addressing these issues is critical to the future of our nation’s economy.
If those who had been un-financially-educated were to be made into subjects that took risks with confidence and fueled the competitive spirit of the US market economy, it would have to be through access to financial education and its rhetoric, which was fashioned around neoliberal ideals.

This was not a novel way of thinking. In fact, since the 1980s the administration of such thought through financial education programs, including those created by the Jump$tart Coalition and the NEFE, had circulated ideas of individualism, private property ownership, and strategic investing (read: risk-taking) (Dixon, 2009; Fitzmaurice et al, 2011). However, considering that this rhetoric was to remain the same, there needed to be revisions to the reach as well as the angle of its appeal. I believe that both were made possible through the simultaneous implementation of programs that employed digital interfaces and which disseminated an etho-political agenda for the “capitalization of morality in the service of national economic advantage” (Rose, 1999, p. 484). Bush’s Council made solid financial literacy into something one owed his/her community and made this rhetoric more compelling through the use of digital technologies.

**Governing the Students**

The first example of this new approach to financial education can be found in the processes of discursive governance aimed at enabling the actions of financially-literate students, which had, up to this point been financially illiterate young people “ill-equipped by our education system to understand personal finance and make their own way in the modern financial world” (Department of the Treasury, 2009, p. 13). These targets of reform, legitimated by their ignorance, were ideal subjects for the Council, which framed them as means through which a financially-literate populous could be created: “Key to
improving the financial literacy of all Americans is ensuring that our young people have more exposure, at all stages of their educational journey, to formal financial literacy training” (p. 14).

This would begin with mandated financial education for all students in grades Kindergarten through 12 and the development of a Federal personal finance education requirement. In line with this mandate, all elementary and secondary schools would require financial education, implement the same framework of learning throughout grades K-12, and set minimums and guidelines for all educational institutions in order to:

- ensure that the next generation of consumers is better prepared to make sound money management decisions for themselves and to ensure that they have sufficient financial information before they begin making those first independent financial decisions as young adults (p. 14).

The essence of this program of governance that focused on students can be parsed out by looking at the “Money Math: Lessons for Life” curriculum, a program of study created by the Center for Entrepreneurship and Economic Education at the University of Missouri-St. Louis and funded by Citi Group, the Department of the Treasury, and the Jump$tart Coalition. Clearly, this program had an interest in enlivening the entrepreneurial spirit to motivate actions that could articulate same economic argument that had long benefitted large corporations such as Citi and established institutions such as the Treasury, but did so without overhauling the program of financial education in place.

In addition, as a building block for the production of future confident financial decisions, “Money Math” embodied the Council’s desire to alleviate the financial “mistakes” that “can have more dramatic repercussions” not only for the individual, but
more importantly for the larger economy such as mass unemployment, credit defaults, and homelessness (p. 18). In lessons such as “The Secret to Becoming a Millionaire” and “Math and Taxes,” students were made aware of what it meant to be financially responsible and to make decisions that best benefitted the collective (Suiter & McCorkle, 2008). Through the “Money Math” curriculum students learned the importance of adding to one’s human capital, a neoliberal ideal that makes the individual responsible for his/her own wealth production and simultaneously functions as a governing strategy meant to guide the self-managed population towards actions made according to logics of economics (Foucault, 2008). Students were also taught the advantages and disadvantages to risk-taking and the importance of investing in high-risk, high-reward securities, a practice meant to “help keep America competitive” (Bush, 2008b, p. 1) through a dependence on confident financial actors/actresses.

As mentioned, the rhetoric contained in the “Money Math” program—and other learning tools vetted by the Council—was not significantly different from the established financial education programs in place prior to the crisis. However, there was the added emphasis on community obligations found in the discourses of Bush’s order and the Council’s report, especially the moral responsibility citizens had to acquire financial education and help the US economy regain its competitive edge, which was, according to the Council, “a national goal that unites us all” (Department of the Treasury, 2009, p. vii.).

In the “Money Math” program there were references to financial education as a means for individuals to “become financially independent” (Duguay as cited in Suiter & McCorkle, 2008) and thus, to alleviate the burden placed on Federal and State governments by “dependent” sectors of the population. In addition, there was an
emphasis placed on understanding taxes and an importance on increasing one’s wages to help “support the operation of the federal government” and fund social programs (Suiter & McCorkle, 2008, pp. 38-40). Much like the “welfare-to-work” programs of the earlier etho-political arguments outlined by Rose (1999), in these programs there was a clear desire to educate students through a program that led individuals towards actions that would improve their own financial situation (by becoming a millionaire, for example) and have an cumulative benefit for the population.

Considering this was the rhetorical tendency that structured this student-centered program, it is feasible to argue that this discourse was made more effective as it was circulated (Chaput, 2010). “Money Math” was made available to educators as a PDF file accessible through the Department of the Treasury’s purchasing site, treasurydirect.gov, a web portal that also offered consumers a place to buy and sell Treasury securities (Department of the Treasury, 2013). Being that the Internet has been recognized by both critics (ex. Dean, 2009) and proponents (ex. Jenkins, 2006) as a technology that increases access to and reach of information that previously lacked wide circulation – a claim affirmed by the 800,000 downloads of PDF (Department of the Treasury, personal communication, April 7, 2014) – it is possible that the practice of downloading the curriculum and circulating its discourse in the classroom functioned to create an “embodied habituation” as users produced and consumed the affective value needed for this rhetoric to gain efficacy (Chaput, 2010, p. 4). The digitally mediated rhetoric of financial education functioned not only to “ensure that millions of American

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5 This number (800,000) includes the downloads since 2010 when TreasuryDirect.org started tallying usage (Department of the Treasury, personal communication, April 7, 2014).
schoolchildren have the knowledge and skills to make informed financial decisions,” but in turn, these students functioned as objects and circulators of programs of governance, as well (Department of the Treasury, 2009, p. 16).

In line with other programs, strategies, and tactics of modern governance (Foucault, 2007, 2008; Miller & Rose, 2008), the subjects desired by the process of financial education also became the means through which future governance gained its effectiveness. As a governing rationality, neoliberalism gains much of its potency from the data collected about the population that it governs (Foucault, 2008). Motivating individuals by providing them with access to the discourse needed for confident decisions enabled these same individuals to articulate the larger liberal argument, and through these actions, to provide the information needed to secure governance. In the case of the financial education changes implemented in 2008 and 2009, this process of self-governance by students was most obvious in the “National Financial Literacy Challenge,” an online assessment program created by the financial education establishment (including Jump$tart and the NEFE) that teachers could administer to their students (Department of the Treasury, 2009, p. 16).

The Challenge itself was a competition that took place across the US as teachers digitally accessed the Council-created examination (via the Treasury’s website) and gave it to students with the intention of “raising awareness about the importance of financial literacy and the need for financial education in schools” (Department of the Treasury, 2009, p. 17). Winners of the Challenge were awarded various prizes, including medals and scholarships from the Charles Schwab Foundation. However, more importantly the Challenge gave the governing assemblage, from the central government to the for-profit
corporations represented on the Council, access to information about what areas of financial education needed to be improved upon and strengthened to further proliferate discourses that might lead to the truth-producing actions of individuals. Therefore, this data, as a “mechanism of security,” offered access to the “estimate of probabilities” needed to best manage and govern future financial decisions made by those who took the Challenge as well as those who would be governed more effectively because of this information (Foucault, 2007, p. 20).

In sum, the financial education programs that focused on the students attempted to expand access to those who might then make more informed choices about their money according to the logic of neoliberalism, i.e. a logic that celebrated wealth-creation, individualism, and risk-taking. These programs circulated discourse about financial responsibility and American competitiveness that further situated the future choices made by students as choices made for the benefit of their communities and their country. In addition, these programs functioned as conduits for the production of the information needed to better manage populations and secure the governing rationality.

**Governing the Employee**

The Council’s interest in the workforce – across all sectors – was explained by the same logic used to argue why financial education changes needed to be made for students: ignorance caused by lack of access. According to the Council, “many [employees] haven’t learned the basics of personal finance, including how to make the most of such benefits as retirement savings plans, health care coverage, and other insurance” (Department of the Treasury, 2009, p. 22). However, there was an added logic behind making employee-based education an object of reform: uneducated workers cost
employers money as “the lack of preparation often leads to personal finance problems, stress, and distraction—all of which diminish employees’ productivity and their quality of life” (p. 22). Making the employees financially literate not only helped populate a collective of neoliberal subjects, but also provided employers with a more productive workforce.

Early in their proposals for employee-centered governance, the Council framed financial education into an etho-political argument and claimed it was a “moral imperative for our society” and that “providing financial education was the ‘right’ thing to do” (Department of the Treasury, 2009, p. 22). According to the Council, the lack of a financially educated workforce added an unnecessary burden on the country through financial strains such as “higher health care costs” and argued that the “situation is exacerbated by the current economic crisis” (p. 22). Continuing on, the Council pointed out “surveys consistently find that the public feels overwhelmed and intimidated by the volume of financial information in the marketplace” which can “result in paralysis — inaction, rather than action” (p. 23). In turn, financial education could motivate individuals towards collective action as a “financially literate workforce […] likelier to be happier, more focused and production” (p. 23).

The Council suggested the implementation of “proactive” training programs within the workplace the would expand the reach of financial discourse, including “access to financial planning experts, seminars on personal finance, and savings and budgeting tools” as “employees of all ages were worried about debt management, including avoiding or resolving credit card debt” (p. 23). To make this happen, the Council recommended tax breaks for employers that provide financial education and the
establishment of a “Workplace Financial Literacy Honor Roll” meant to “recognize organizations with exemplary workplace financial education efforts to enhance employee financial understanding and well-being” and “to encourage other organization to implement, support and further develop financial literacy programs in the workplace” (p. 25). 6

As with the programs focused on students, the programs focused on employees also contained a rhetorical appeal towards etho-politics. One example of this can be found the website, www.mymoney.gov, a source intended for use by “human resource professionals and employers that consolidates the best financial education information and resources” (p. 25). The site was structured around five principles of financial literacy: earning money, saving and investing, protecting one’s finances, spending practices, and information on responsible borrowing (Financial Literacy & Education Commission, 2014). In regard to the “Earning” principle, employees –through the teaching and/or recommendations of their employers– were encouraged to understand their paychecks (ex. taxes and withholding), sign up for workplace benefits, and learn how to “invest in your future – with education and training.” Employees were also offered information about student loans and how-to save for their children’s college. As a whole, the rhetoric of this section has placed the onus for “knowing the fine print and details” about earning on the employee who must take the initiative to know how these things work (Financial Literacy & Education Commission, 2014).

6 At the moment, there has been an “Honor Roll” established (Jump$tart, 2014), but no tax incentives are offered to employers who provide financial training to employees (Internal Revenue Service, personal communication, March 4, 2013).
The “Save & Invest” section was constructed around the principle that “saving is a key principle” if one was to achieve financial success. The section offered information about opening a savings account, saving for the future, and making advantageous investments. The use of “qualified financial professionals” who can offer sound investing advice is suggested. The “Protect” area of the site told visitors the importance of keeping financial records, having a will, and choosing the correct insurance plan for when “a major life event occurs.” The section also suggested the importance of looking out for “suspicious” and “unauthorized” activity throughout ones savings and investments accounts as well as protecting oneself from identity theft (Financial Literacy & Education Commission, 2014).

The “Spend” section told employers the importance of creating and following a budget in order to “use your money wisely.” Those who used the site were encouraged to “live within your means,” “be a smart shopper, and compare prices and quality,” “track your spending habits,” and “plan for short-term and long-term financial goals.” Lastly, the “Borrow” section encouraged employees to pay attention to their borrowing habits, pay their bills “on time,” “understand and shop around for a loan with a low Annual Percentage Rate,” “learn about credit and how to use it effectively,” and “pay attention to your credit history” (Financial Literacy & Education Commission, 2014).

In addition to these five sections, there were additional resources such as budgeting and interest rate calculators made available to employees who accessed the site, which, in coordination with aforementioned guidance, fostered an etho-political framework through which workers could develop financial literacy. References to community and the importance of smart financial decision making were not clearly stated.
in this example as they had been with the student-focused programs, but in this rhetoric it is clear that responsibility for one’s financial future had been placed on the individual. In turn, through responsible financial practices, it would then be possible to have a community of wise actors/actresses.

It can be said that responsibility was the key feature in the employee financial training as individuals were provided access to financial tools and if all employees used put these tools to work, a collective of ethical, moral, and responsible financial beings would be established. Of the three troubled sectors of the population targeted by education reform, it could be argued that the employee-centered rhetoric was the one that best represented the neoliberal ideal of individual success as it provided workers with access to the discursive material necessary for them to move towards confident choices as a means of producing their own wealth.

Once again, the use of digital technology was key to increasing this access. The “My Money” site offered material to workers that would be much harder to proliferate through items such as HR Department pamphlets and training sessions. As the Council made clear, it was the “‘one-stop’ resource, a place where relevant information has been synthesized, allowing [employees] to identify available programs and resources that match their individual workplace budgets and educational needs” (Department of the Treasury, 2009, p. 26). Through the site, workers could access all of the information necessary and when needed, had the tools to guide their financial decisions.

There was certainly an added ease to this process made possible by the Internet as well, as an interface from which the rhetoric of personal financial responsibility could disseminate. Also, this site took up the neoliberal ideal of human capital creation. It was
up to the employee to gain an education and transform into a better conduit for the creation of his/her own wealth, but for the benefit of their employers. No longer was it necessary for a company to bring in (and pay) an outside person to provide financial education to their employees. Instead, through the use of digital technology the workforce became a population of individuals capable of educating themselves.

In addition, the “My Money” site functioned as a “critically important piece of the overall puzzle of improving financial literacy in the United States” by offering up “Money Quizzes” to be taken by employees using the site (Department of the Treasury, 2009, p. 26). By taking these quizzes about borrowing, earning, protecting, saving, and spending users provided the information needed to improve financial education programs. Through the data collected, it became known what users took from the site and what they desired more of. Information of this ilk could then be used to better secure and manage future decision making by gearing it towards the wants and needs of employees, but within a neoliberal framework that could guide one towards appropriate personal choices.

Again, as with the student-based changes, with the worker-centered educational revisions we see the desire to form a subject who can act in the best interest of his/her community and country via the use of information and tools created and made accessible by a governing apparatus most interested in the production of confidence. Employees now had all of the resources necessary to embody the competitive spirit of the market economy, and by using these resources, to become the conduits through which value could be added to such neoliberal rhetoric. Of course, if they failed it would be their problem since an effective financial education had been placed at their fingertips through aids such as an easily navigated digital interface.
Governing the Unbanked and Underserved

The terms “unbanked” and “underserved” were used by the Department of the Treasury (2009) to describe the “100 million consumers in the United States” without a bank account and therefore, without access to credit, Federal payments, property ownership, and a stake in the American economy (p. 29). According to the Council, this “can have a devastating effect” on affected populations “unable to receive payments” from the government, who cannot take advantage of tax credits, and who account for “tens of billions of dollars wired out of the United States” (pp. 29-30). As a rule, this section of the population included members of “America’s inner cities and low-wealth communities” and “undocumented immigrants” who “find traditional banks and credit unions intimidating,” “have a distrust of the banking system,” or have been left to use “alternative financial services providers, such as check-cashers, payday lenders and pawnshops” that predatorily target these at-risk individuals (p. 30).

This was not a population of ignorant financial decisions makers in need of re-education as was the case with students and employees, but rather a collection of individuals that could be initiated into the sphere of neoliberalism. Thus, the focus of the Council was “creating the right products for financially underserved consumers – given that existing products do not meet the needs of this population nor help institutions win additional market share in this category” (p. 30). Financial actors/actresses would partake in the economy with efficacy for their own benefit, for the population’s benefit, and for the benefit of the banking sector through “a full-scale evaluation of various segments of the underserved market” and the implementation of programs that adhered to their “unique needs, preferences, and economic circumstances” (p. 30).
This involved a two-pronged approach that included requiring “financial institutions provide every adult American with access to an electronic, debit-card accessible depository account” and the creation of “non-profit organizations working on community-based financial literacy programs” (pp. 30-31). Interestingly, in both programs the Council recognized an ability to alleviate the financial burden placed on federal and state governments, making them etho-political maneuvers from the very outset.

For example, providing members of the unbanked and underserved communities access to a bank account, the Council argued, “could reduce the cost to and of our government by reducing the burden of printing, handling and mailing physical checks for Federal benefits programs, including Social Security” (p. 30). In addition, “the ease of electronic transfers for Federal payments would also likely increase the chances that those Federal payments are used by their intended recipients” (p. 30). Limiting the complexities involved in the payments by social welfare programs would help the government save money.

In addition, the creation of these accounts would allow the government to more effectively order the financial choices of these individuals through the “development of appropriate parameters by which significant expansion of appropriate accounts are made accessible to the unbanked” (p. 31). These accounts would be created, but they would be limited and closely monitored. The Council also recommended that bank accounts be created for “every person who receives some sort of government check” and “for children at birth” (p. 31). And while these initiatives have not yet been implemented, it is clear in this recommendation that the Council was interested in legitimating a surveillance
program that could be combined with neoliberal, security-based strategies, an amalgamation typical of current governance where “governmental rationalities overlap, lean on each other, challenge each other, and struggle with each other” (Foucault, 2008, p. 313).

In terms of the community-based financial education programs, the Council’s desire “for individuals to take control of their financial futures” remained the same for the unbanked and underserved as it had for students and employees (Department of the Treasury, 2009, p. 35). With these community-based programs there was a built-in etho-political bent towards reaching individuals who could be motivated by an ethical obligation to their community. This is apparent when considering that these learning programs were often conducted in places such as community centers where members of the community would come to learn about the ins-and-out of financial literacy together.

One example of this was the “Money Smart for Adults” program created by the Federal Deposit Insurance Corporation (FDIC). The program itself is part of a larger “Money Smart” curriculum funded by the federal government that coalesced in 2001 in an attempt to “help low- and moderate-income individuals outside the financial mainstream enhance their financial skills and create positive banking relationships” (FDIC, 2013). The program had been in existence for some time, but with the development of digital technologies the means through which targeted communities were reached changed. The program, which included the same learning modules as those available via the “My Money” site, took to using interfaces such as PowerPoint presentations, CD-ROMs, and streaming audio and video to educate users. These
products were used within the community, as teachers took the materials to places where community members were gathered and taught financial education in a group setting.

This was the case in Columbia, Missouri where community members took part in a 20-hour curriculum that taught them how to “improve their credit and make a plan for home ownership” (Columbia Housing Authority, 2014). Similar community-based learning took place (and continues to take place) throughout the country where educators took the learning modules provided by sources such as the FDIC and opened access to discourses of financial responsibility to those community members in attendance.

In each occurrence, the learning environment became an etho-political one as community members conversed and worked with those with whom they shared an identity. This “community is an affective and ethical field; binding its elements into durable relations” (Rose, 1999, p. 476) and the neoliberal rhetoric of smart financial decision-making gained its efficacy from these relations that then fostered more communicative experiences. In turn, this circulation added value to the proposed rhetoric of this translation of financial education in a way that fostered habits that benefited governance. These community members came to manage themselves, but through a framework that strengthened a belief in the market economy.

The production of the information needed to govern more effectively came from both programs geared towards the unbanked and underserved. As mentioned, bank accounts created for this population would be watched by “bank trade associations and regulatory agencies” that, along with central government, could use that information to tweak future education programs and monitor individual choices (Department of the Treasury, 2009, p. 31). In addition, the community-based learning programs were taught
by instructors trained via the FDIC training material who would presumably gather information on the needs and wants of students throughout the learning program and possibly use that to create more effective learning programs. In fact, the FDIC (2013) recommended such practices.

More so than the students and the employees, the unbanked and underserved offered the establishment a section of the population through which ideal financial choices could be enabled. These peoples had no previous relationships with financial institutions and those that did had bad ones; providing access to these financial education programs motivated the actions of a collective of subjects from marginalized corners of society whose reasoning processes could be neoliberal from the very start. They could also be easily monitored to ensure only the right financial decisions were made and if these folks were not making choices that benefited the larger market they could be easily corrected.

**Making Sense of Post-Crisis Governance**

Financial education functioned as a discursive technology that could emphasize etho-politics and community obligations through access enabled by digital advancements. Through these new techniques, the Bush Council believed it could implement a “top-down” mediation of the post-crisis atmosphere in ways similar to those employed by the Bush Administration in the months following the 9/11 attacks (Grusin, 2010). In sum, a series of discourses were created and given complete efficacy as they problematized the financial crisis as one caused by the ignorant financial activities of financially illiterate Americans. According to this argument, the crisis was not a problem of regulation (or lack thereof) nor was it an issue of financial instruments that were too complex. It was a
problem caused by a lack of access and a disregard for one’s community. In turn, things could only be changed if individuals were given access to the tools needed to take the financial risks necessary “to help keep America competitive” (Bush, 2008b, p. 1).

This began with the creation and legitimation of three problem sectors of the population: students, employees, and the unbanked/underserved. The first two were simply ignorant as they were given the tools needed to make the right financial choices, but failed to use those tools. Through digital media and a focus on community obligations, these individuals could be taught effectively and make financially literate choices. If they acted through a neoliberal framework of thought, building human capital and adding wealth, that would only benefit the larger population and strengthen the US market economy. As for the unbanked and underserved, these people were viewed as a blank slate that could be given the right “grid of intelligibility” through which all choices would be evaluated (Foucault, 2008).

The benefits of an increase of access and an etho-political obligation included the production of data needed to protect against future crisis through more effective governance of financial choices. Through these programs the governing apparatus could ensure decisions were made with confidence and when this confidence waned, the information needed to correct the programs had been provided. These students of financial education became the objects and means through which effective governance was possible.

Additionally, the dissemination of a pro-market rhetoric across and through various digital outlets added value to the neoliberal edicts circulated by Bush and the Council. The act of communication is a laborious one as participants do the work of
adding value to discourse (Greene, 2004). In making this process of financial education an etho-political one, the affective life of the community functions to inject further value into the argument in favor of neoliberalism (Rose, 1999; Chaput, 2010). As this material was made more accessible it was open to added circulation and added value creation.

Considering that little had changed in the discourse from before the crisis to the educational programs created after, it is problematic that the same tools for making choices remain unaltered. In a neoliberal atmosphere where speculation is celebrated and bubbles are common (Shiller, 2000; Stiglitz, 2010), time will tell whether or not increased access and an emphasis on morally sound and responsible individual choices is enough to motivate a population that makes confident financial decisions in the face of the irrational “animal spirits” that often accompany a marketplace dependent upon risk-taking.
Chapter Five: The Digital Self-Governance of Personal Finance

Federal Reserve Chairman Ben Bernanke remained a valuable leader to follow as the financial crisis continued to unfold in the months after President George W. Bush created his Advisory Council on Financial Literacy. As he traversed the country, making speeches at Board of Governors’ meetings, economic forums, and banking association events into the summer of 2008, in Bernanke’s rhetoric it was obvious that the quarantining of the mortgage-backed securities market had failed and that the US economy was on the brink of a meltdown. In response, during a March 14 speech Bernanke first attempted to legitimate “more uniformly effective supervision” of various subprime mortgage lenders by the Fed (2008a, para. 21) and institute regulation targeting predatory lenders that would further “protect consumers and promote competition” (para. 18).

The Chairman’s second rhetorical attempt ditched the recommendations of policy change and went straight towards intervention as he leaned (again) on market liquidity as a possible solution to the decrease in profitable market activity. During a speech on May 13, Bernanke (2008b) justified the need for actions to boost market capital and in the months that followed, the governmental bodies in charge of the county’s economy –the Fed and the Department of the Treasury– conducted a handful of maneuvers that inserted hundreds of billions of dollars into the US market. This included moves that guaranteed $29 billion of Bear Stearns’s assets during its sale to JPMorgan Chase, $85 billion to
support the insurance bets made by the American International Group (AIG), and $200 billion to back the holdings of Fannie May and Freddie Mac (Andrews & Landler, 2008). Add additional “rescue packages” (Guillen, 2011, p. 7), more interest rate cuts, and the signing of the $700 billion Trouble Asset Relief Protection Act in October 2008 to the wave of intervention, and by the time Barak Obama won the presidential nomination on November 6 another crisis of governance had joined the economic crisis that was unfolding.

In the early months of his presidency Obama did little to slow the trend of intervention. Most notably, on February 17, 2009 he signed into law the American Recovery and Reinvestment Act, a relief package that injected an additional $700 billion into the US economy. More stimulus money would follow that would produce, by January 2010, the same type of governance problem faced by Bush two years earlier: central government had acquired too much influence over the actions of the economic sphere. In order to deflect attention away from this issue, Obama took to the same avenue as his predecessor and on January 29, 2010 issued Executive Order 13530 to create the Advisory Council on Financial Capability.

This chapter examines the ways the Obama program of financial education attempted to minimize the obligation of central government to boost economic confidence by developing programs through which individuals took charge of their own financial futures. Similar to the Bush-era initiatives, strategies implemented by the Obama Administration and the established Council of Financial Capability circulated etho-political rhetoric that would guide individuals towards making responsible financial
actions and in turn, articular the neoliberal argument for a confident, risk-taking population.

However, the programs of financial education that compelled individuals towards self-governance during the latter administration were unique in their application of digital technologies, specifically those that offered novel “interactive and repetitive” (Palmer, 2008) interfaces through which individuals interacted with liberal arguments and developed an affective orientation heavily influenced by neoliberal and etho-political discourses. Thus, while much of the rhetoric remained the same, the new programs energized the neoliberalism/etho-political focus through “bottom-up,” affective experiences to increase the potential for the individual acts of articulation that would further habituate to the liberal argument (Grusin, 2010). Dispersing the discourse of financial education across a multiplicity of digital platforms in ways that invited access, as well as interaction, created opportunities for the argument in favor of financial education as a solution to the confidence crisis to be consumed and recirculated by users, a practice representative of modern governance (Greene & Hicks, 2005).

This chapter begins by explaining the differences between “financial literacy” and “financial capability” and shows how the former involved the expansion of access to an argument presumed to be fully-effective, while the latter took such access for granted and instead, worked to make the discourse of financial education more compelling by guiding users towards affective interaction. The rhetoric of Obama’s order will be examined to flesh out the etho-political message that framed the duties conducted by the Council. This will lead to an initial reading of the logic taken up by the Council, including its rhetoric on self-governance, regulation, and behavioral economics and is followed by a look into
the Council’s programs, which again targeted three “problem” sectors of the population: students, employees, and “underserved” and “vulnerable” communities (Department of the Treasury, 2013a). Digitally enabled strategies for manufacturing confident subjects will also be unpacked to show how users became the “bottom-up” means through which this the financial education solution gained its efficacy. Lastly, in line with the neoliberal drive towards securitization of governance, this chapter shows how these programs produced the data needed to fuel the contemporary governing rationality.

Through such critique, this chapter makes visible the neoliberal rationality at work in the financial education reform put into place by Obama and his Council. Much like previous incarnations, the goal was to provide access to an economic framework of thought individuals could use to enable and inform confident financial choices in ways that benefited the larger US economy. However, rather than opening up access, this latest version of financial education enabled users to form affective connections with their finances through digital advancements, which added legitimacy to the rhetoric of financial education via self-governed acts of articulation. Rather than financial education (and its neoliberal argument) gaining value from its circulation through sources created and governed by stakeholders at the top of the economic hierarchy, this version of financial education employed the labor of community-conscious and ethically-governed digital users to produce the confidence needed for the US economy to regain its competitive edge.

**Financial Literacy vs. Financial Capability**

When President Bush ordered the creation of the Advisory Council on Financial Literacy several definitions of “financial literacy” had been in use by various financial
education programs (Department of the Treasury, 2009, p. 35) and one of the Council’s responsibilities was to come up with a firm definition of “financial literacy.” After a year of work, they were able to define financial literacy as “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being” (p. 35). In addition, the Council defined financial education as:

the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being (p. 35).

Within the Bush-era version of financial education, to be financially literate was to know and to make use of the tools one was given access to through a program of financial education. However, access to and awareness of the information available were the goals; beyond that, the onus was on the individual to know how to use that information most effectively.

Financial capability was distinct from its predecessor because while Obama’s (2010) order poached from the Bush Council in its statement that “financial capability empowers individuals to make informed choices, avoid pitfalls, know where to go for help, and take other actions to improve their present and long-term financial well-being,” the central concern for the later Council was the development of a more “effective” and “appropriate” framework for financial decision-making would lead to a higher financial “capacity” (p. 1). By definition, this “capacity” remained “an ability,” but in Obama’s rhetorical use of this term and in the programs of more effective self-governance his
Council would develop “capacity” took on the added meaning of “the ability to produce, at its fullest” (OED Online, 2014).¹

In order to ensure this capacity was met and that the most advantageous choices were made, the Obama program would involve a more refined version of financial education (Department of the Treasury, 2013b, p. 4). According to Obama (2010), the capacity desired by reform was needed to “help keep American competitive” and “contribute” to the nation’s “financial stability” (p. 1). In the 12 months after Obama took office the Standard and Poor’s 500, the Nasdaq, and the Dow Jones Industrial Average—the three major indexes offering insight into US economic performance—had been extremely volatile, which proved that confidence continued to wax and wane (Akerlof & Shiller, 2009). Therefore, no longer would financial education be only about regaining a competitive edge, but would also help deliver market stability. This would involve offering “appropriate access to and understanding of financial products, services, and concepts” (Obama, 2010, p. 1) as this new brand of financial education would not simply involved entry to and understanding of information; an “appropriate” relationship with both had to be fostered, as well.

To achieve this goal, Obama’s (2010) Council would include members that “reflect the views of diverse stakeholders” (p. 1). Like Bush, this would involve those from the private sector such as John W. Rogers, Jr., CEO and CIO of Ariel Investments

¹ In general, the Obama Administration has seemed interested in “capacity” as a positive form of liberty enabled through disparate discourses of liberal governance. For example, the Administration’s “Common Core State Standards Initiative” claims its programs will lead to “increasing fullness and regularity” of the “capacities of the liberate individual” (Common Core, 2014). This is much different from previous attempts by the Bush Administration to make knowledge-acquisition the means by which individuals could succeed within a neoliberal atmosphere void of constraints.
and Kenneth Wade of Bank of America. NGO representatives keen on financial self-sufficiency such as John Hope Bryant of Operation HOPE and Samuel T. Jackson of the Economic Empowerment Initiative were also included on the Council. Those from the financial education establishment were also pegged, including the National Endowment for Financial Education’s (NEFE) Ted Beck and the Network for Teaching Entrepreneurship’s (NFTE) Amy Rosen. In these selections, the separation of the State from the economic sphere was apparent, but what made Obama’s Council (2010) unique was the inclusion of members with “experience in academia or similar research experience related to financial education and financial access” (p. 1). Bush had included his own scholars such as Dr. Tahira Hira, an expert in financial education history. However, Obama’s selection of Dr. Eldar Shafir was significant because of Shafir’s research in behavioral economics and the “irrational” factors at play in financial decision-making (Department of the Treasury, 2013a).

When the Council took up the duties outlined by Obama, which included “building a culture of financial capability by promoting messages and lessons about sound financial practices,” “improving financial education efforts directed at youth, young adults, and adults in schools, workplaces, and other settings through innovative approaches, “promoting access to financial services,” “promoting private-sector development of financial products and services benefitting consumers, especially low- and moderate-income consumers,” “educating consumers about effective use of such products and services,” “identifying the most basic financial concepts and actions individuals need to understand and perform to be financially capable,” “identifying effective financial education approaches and methods for evaluating the effectiveness of
financial education approaches,” and “strengthening and enhancing coordination between public and private-sector financial education programs” (Obama, 2010, pp. 1-2), they did so with the addition of a behavioral economic perspective that accounted for the “all-too-human animal spirits” (Akerlof & Shiller, 2009) that go into financial decision making. Obama’s Council would not simply be interested in opening access to information, but wanted to enable practices that used this information effectively in the face of elements that hindered rational decision-making.

When John W. Rogers, Jr. summarized the three years of work completed by the Obama Council he emphasized the etho-political and economic truths that should structure decision-making in every aspect of daily life:

Financial capability is not a “stand-alone” topic to be isolated from the rest of our lives. Financial capability must be woven into the fabric of our lives—into our homes, our schools, our workplaces, our communities, even the design and regulation of the financial products and services we use (Department of the Treasury, 2013b, p. III).

Financial capability should be the framework through which individuals govern themselves as well as the means through which financial education as a program of governance is evaluated.

Rogers outlined the four recommendations the Council developed that would foster such an environment. The first recommendation involved actions that would make financial education “a lifelong pursuit” that began in the home with parents educating their children and continued into more structured school curricula in grade school, high school, and college (p. III). The second recommendation focused on changes in the workplace where “financial capability education and well-framed financial choices” could be produced (p. III). This involved employers taking on the responsibility to
educate their employees. The third recommendation keyed in on the community, a place where educators could “harness their resources and promote the financial well-being of their residents, especially those most-economically challenged” (p. IV). In these first three recommendations, an etho-political rhetoric was established that made financial capability an ethical imperative and made students, employees, and marginalized communities the targets of such neoliberal subjectification.

This rhetoric was not significantly different from the Bush Council. In fact, neoliberal notions of economic “progress” through smart decision-making have framed financial education for decades. However, the Obama Council separated itself with Rogers’s fourth recommendation, which called for the use of “well-designed financial instruments, informed by an understanding of the kinds of mistakes people make” (p. IV). It is here that behavioral economics was recognized for its ability to create “choice architecture” as a means of “facilitating the successful application of what has been learned” (p. 4).

The Council took up work from the discipline that found “risk aversion and having more sensitivity to losses than gains impact that ability to commit to financial action” (p. 5). Confidence was also of interest for the Council:

Overall confidence in one’s self and confidence in one’s ability to succeed at tasks (self-efficacy) have profound effects on financial decision making. Overconfidence can lead to riskier financial behaviors, such as investing in products that are not fully understood and reacting to economic news and market swings. Under-confidence can lead to excessive timidity (such as long-term “investing” in cash resulting in erosion through inflation) or dependence on advice that may leave the consumer financially vulnerable (p. 5).

As was dangerous levels of risk:
“Moral hazard” (taking more risk when resulting losses will be covered by somebody else) creates a climate in which individuals may do less research on financial products, or stretch themselves to take on excessive debt, because options such as bankruptcy are available to discharge their liabilities (p. 6).

The influence of behavior economics uncovered the weaknesses of previous forms of financial education that the Obama Council intended to correct. In turn, the focus became the conduction of individuals who could weather the inefficiencies caused by dangerous shifts in risk and confidence while capitalizing on such activity.

Financial education remained the interface through which this was possible, but it was the usage of digital tools, specifically the creation and circulation of rhetorical and affective value through user-generated action, that made financial education more potent as a neoliberal technology. This becomes clear when looking at the strategies used to govern student, employee, and marginalized populations. These techniques, which turned to the digital as a mode of communication, mediated a post-crisis environment to establish an affective space where decision-makers acted with the confidence needed to take on risk (safely). However, unlike the Bush programs, which engendered such confidence from a “top-down” approach, the Obama Council produced such an environment via digital technologies that guided users towards generative actions of value through their own discursive and affective relationships with these technologies. Through “bottom-up” action, these individuals added the value needed for “embodied habituation” and the securitization neoliberal governance (Chaput, 2010, p. 4).

**Self-Governance by the Student**

Obama’s Council wanted to offer pertinent information to the population and made sure that information was incorporated into the daily actions made by individuals.
This Council was different from its predecessor, which viewed financial education as a type of training that individuals would lean on when making financial choices. On the other hand, the Council developed in January 2010 sought to make the reasoning provided by financial education the framework of thought continuously used during the management of daily life. Financial education was not meant to be tool employed only when one had to make an economic choice, but rather a built-in logic organically influencing all human behavior. It was to be an addition made to “human capital” that would support the ongoing management of all relations and enable the new liberty of human capacity (Foucault, 2008).

To make this happen, the Council argued, financial education needed to “leverage the use of technology to engage, inform, and impact behavior” (Department of the Treasury, 2013b, p. 10) as a form of never-ending “coaching” (p. 10). These new programs stood on the belief that:

Technology-based tools hold promise to help Americans make more informed financial decisions and to address some of the barriers to financial education, including making it faster and more convenient to access information, obtain more in-depth advice and guidance, and to share financial goals among one’s social networks. In particular, the wide penetration of mobile phones presents a scalable way to deliver real-time, actionable financial information; helping families make wiser financial decisions in the immediate term and helping them achieve longer-term financial goals.

Hidden in this discourse is that notion that digital technology made “affective feedback loops” (Grusin, 2010) possible and in the programs of subjectification recommended/developed by the Council, there was give-and-take of affective energy and affective value between the user and the technology. Through these feedback loops users consumed and produced the desired orientation towards and through the rhetoric of
financial education, which heralded an ethical obligation to one’s community and the celebration of neoliberal principles (Grusin, 2010).

The first target “venue” worthy of such subjectification was the student population (Department of the Treasury, 2013b, p. 10). According to the Council, “financial illiteracy is widespread in the United States and Americans, including students, are worse off because of this” (p. 10). Students were “unprepared” to “understand the complex everyday financial decisions that they face,” but “a dearth of research on the effectiveness of these [financial education] programs and their impact on subsequent behavior” legitimated the focus on this problem sector (pp. 10-13). To alleviate this problem, the Council recommended the employment of tactics that would tie the student population to their families and communities and create an etho-political bond that would compel students towards processes of learning (p. 13).

The Council recommended the inclusion of the “Money as You Learn” (2013) curriculum within the Common Core State Standards, “a set of clear college- and career-ready standards for kindergarten through 12th grade in English language arts/literacy and mathematics” (Common Core, 2014). Interestingly, unlike the Bush Council, which suggested its own student-based curriculum – “Money Math: Lessons for Life” – be used by those without “access to appropriate curricula” (Department of the Treasury, 2010, p. 15), the Obama Council proposed that “the President champion this Money as You Learn approach” and “take all possible steps to advance” its use in all schools using the Common Core State Standards (Department of the Treasury, 2013b, p. 13). In turn, the “Money as You Learn” program, through “a robust, web-based set of high quality and easily accessible tools and materials” could help a large population of students in grades
K-12 become financially capable and subsequently use that standardized knowledge throughout their experiences inside and outside of school (p. 13).

This program was developed by several from the financial education establishment, including the Jump$tart Coalition and the NEFE, and on the surface it was similar to “Money Math: Lessons for Life” in that it was available online via the moneyasyoulearn.org site. However, as highlighted in the contrast between Figure 1 and Figure 2, beyond the use of the Internet to disperse information, the two programs were significantly different in their digital applications, in terms of their looks and their content.

“Money as You Learn” (Figure 1) was interactive from the homepage forward and offered visitors four age-specific programs to choose from. When visitors ran their cursors over the four students divided by colors (yellow, green, purple, and red) and grades (K-2, 3-5, 6-8, 9-12 grades) these students
raised their hands as if to answer a question. Once a curriculum was selected, users were taken to a page with a list of lesson plans that included such items as “Cost/Benefit Analysis,” “Delayed Gratification,” and “Inflation.” Each lesson plan unfolded as a narrative with built-in parables about “living within your means,” “budgeting your money wisely,” and “saving for the future” (Money as You Learn, 2013). Each lesson also offered a list of questions and problems to be administered to students by instructors or for students to take up alone. If desired, these users could download the plans, as they had with the “Money Math” program. However, while the site offered similar material to its predecessor, students of “Money as You Learn” were given a plethora of outside links to click and use as they navigated through lessons. For example, when learning about “Raising Gas Prices” students were encouraged to learn about the “Consumer Price Index” through a site developed by the Bureau of Labor Statistics (2014).

This standardized financial education for students was then expanded through “Money as You Grow” (2013), accessible through the moneyasyougrow.org site – featured in Figure 3 – that continued the lessons learned via “Money as You Learn,” but with the inclusion of lessons for college students. Through this interactive interface a row of students introduced users to

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2 The “Money Math” site only offered links to click and PDFs to download.
additional resources such as “Pay Off the Money Owed in Full” and “Health Insurance.” From here, users were pointed towards outside sites such as annualcreditreport.com, healthcare.gov, and investor.gov where more learning material was offered. The continuation of an established rhetoric on the etho-political benefits of solid financial planning from kindergarten into college offered multiple opportunities for students to interact with technology and content that reiterated neoliberal ideals. Through this standardized set of exchanges, such discourse could become habit-forming for the students that took part in the programs (Chaput, 2010).

As a whole, the content of these sites differed little from the Bush-era resources. However, the Obama’s Council communication of its proposed curriculum was novel in its use of social media sites such as Facebook and Pinterest alongside traditional news outlets (Department of the Treasury, 2013b, p. 14). This was a relevant move considering that up to 71 percent of Americans now use mobile communication devices to access social media sites such as these (Pun, 2013) and that mobile technologies have been recognized for their ability to foster affective connections between users (Vincent, 2010; Grusin, 2010). Through these vehicles, the student-centered program harnessed the interactive and affective elements of digital and mobile media to make the information consumed that much more compelling (Chaput, 2010).

The acts of clicking and navigating through these sites were in themselves ones that involved feedback loops through which users consumed the content and affective value it circulated (Grusin, 2010). For example, the bright colors featured on the “Money as You Learn” (Figure 2) site were inviting for users and encouraged them to delve deeper into the site. This was much different from the bland coloring of the “Money Math”
portal (Figure 1). This made possible a positive affective experience, which changed the affective make up of the individual using the sites, and in turn, compelled the user to continue using the site and to produce additional positive experiences (Grusin, 2010). Add to this the digitized reactions by the students on the home page of the site and the interactive experience was one that involved an organic relationship between users and digital technology that enabled the creation of additional affective value.

The inclusion of mobile technology further opened up avenues of communication and the capitalization of user-created value. For example, marketing this program via Facebook and Pinterest led to additional circulation from users recommending the program to others as they took part in “communicative labor” by drawing more attention to the Council-created content (Greene, 2004). An affective feedback loop was again at work here as users took part in an affective experience with technology that created added value for the content they both consumed and circulated (Koughan & Rushkoff, 2014).

In sum, what occurred with the student-centered program was an act of value creation enabled by users through affective feedback loops that increased the number of communicative exchanges needed to produce a habitual and collective belief (Chaput, 2010). Instructors and students went to the site and took part in the activities through a digital interface, activities that involved interactions with discourse that favored ethno-political and neoliberal values. In turn, through “Money as Your Learn” and “Money as You Grow” students became financially capable subjects equipped with a framework that could be used for ongoing self-governance. They were even encouraged to return to these sites for continuous “coaching” exercises (Department of the Treasury, 2013b, p. 10).
Assuming that these experiences were inviting (and positive), users returned to them and/or marketed them on their own through social media. Through an affective process, users became one with the technology they used as well as the content it circulated. In turn, this process added value for the financial capability program and added efficacy for a discourse that supported the neoliberal argument.

**Self-Governance by the Workforce**

Like the Bush Council, the Obama Council used employee ignorance and loss of profits to justify the incorporation of financial education in the workplace. According to their report, the majority of the American workforce knew less about personal finance than they thought they did (Department of the Treasury, 2013b, p. 11). This could influence the “critical decisions regarding savings, retirement planning, insurance and other benefits” that folks have to make (p. 11). It could also affect employers’ bottom lines, as “employees are less productive at work when worrying about personal financial problems” or add to their company’s health care costs because of financial stress (p. 11). For these reasons, the workplace was viewed as “a critical place to provide financial capability education and well-framed financial choices” (p. III).

In addition, with the employee population, the Council argued, there existed a large number of adults tasked with making “critical decisions regarding savings, retirement planning, insurance and other benefits” (p. 11). And while this could lead to stress and/or health issues, what this sector offered was a group that could be led towards “positive behavioral change” (p. 11). The Council sought to “improve the financial capability of the American workforce by using the employer as a delivery mechanism for financial capability resources to employees” (p. 15). With the workforce there existed an
at-risk and vulnerable population in need of reform that could effectively be made into “a financially capable workforce and retiree community, which is necessary for a stable and globally competitive economy” (p. 11) through programs instituted in the workplace, an environment under the jurisdiction of the employer.

The Council capitalized on the idea that “employers tend to be trusted deliverers of key financial skills” (p. 15) and provided those in the private, public, and non-profit sectors with a guide for making employees financially capable. This guide, entitled “Financial Capability at Work: A Strategic Framework to Guide Employers” (President’s Advisory Council, 2012b) included five fundamentals to be used by employers to help their workforce achieve financial capability: “Benefits,” “Educational Resources,” “Marketing,” “Measurement and Metrics,” and “Products and Services.” Included with each fundamental was a list of recommended actions to be taken by “Micro/Small Employers” and “Mid/Large Employers,” as well as some “Advanced Features” that employers could use (p. 3). In total, what the “Five Fundamentals” section of the guide included was a rubric for employers to follow ensured employees were given the right access to information about things like retirement accounts, healthcare, and banking services.

However, there was one unique feature to this document: the “Advanced Features” for marketing financial education to employees. In this section, the Council suggested employers “leverage” a “multi-channel delivery (live, online)” to reach employees, use “trigger-based messages” sent “at birthdays, employment anniversaries, birth, etc.,” and orchestrate “family inclusion, testimonial and peer-to-peer sharing” (p. 3). The desire to have employers use a multi-pronged approach to create a multiplicity of “touchpoints” –
marketing term for the point where customers come into contact with a product or service—embodied the Council’s embrace of the digital sphere as an interface to be exploited to create more valuable exchanges and in turn, produce the value needed for discourse—which was in this case overtly etho-political in its interest in family inclusion and peer-based communities—to gain rhetorical efficacy.

While the Bush Council opened up access to information for employees, using the mymoney.gov website to do so, the Obama Council took access to the next level by making the rhetoric of financial education accessible across a multiplicity of Internet sources. To do this, the same multi-pronged approach to reaching employees through marketing via a number of portals was found in the “Resources for Employers” (Figure 4) and “Supporting Research” (Figure 5) sections of the Council’s guide. On these pages, the Council listed 15 resources employers could use and point employees towards. Nine of the resources were financial toolkits such as the...
“NYSE/Financial Literacy Center Workplace Financial Fitness Kit” and the “Small Business Retirement Savings Advisor” (p. 4). “Money Smart” and mymoney.gov were also suggested. The other six resources showed the efficacy of financial education programs in the workplace by explaining the benefits programs could have for employers and employees alike. For example, two articles highlighted the benefits solid financial advice had for employee health while two others discussed the improvement to employee behavior triggered by employer-provided investment information (p. 5). This amounted to a wide variety of places where employers and employees could access the same message about financial capability.

On the surface, as a program of financial education in the workplace, the Obama Council’s approach was similar to its predecessor. An etho-political perspective was provided for guiding employees towards self-governance of their own financial situations. However, the later Council took this access to the extreme and offered opportunities for employees to interact with the discourse. Therefore, while the employee-based programs might have lacked the same uptake as the student-based programs, i.e. complete immersion through digital and mobile interfaces other than the Internet, the sheer number of touches had the ability to lead users towards relationships with digital interfaces and digital content. In turn, this resulted in the creation of value needed to habituate informed and confident decisions about personal finance.

**Self-Governance by the Underserved**

The etho-political position encompassed by financial education reform was at its most obvious when used to govern the financial choices of those in underserved communities. According to the Council, “those who felt the recent economic recession
the hardest were those from underserved communities made vulnerable by a lack of education and stability” (Department of the Treasury, 2013b, p. 17). And because “families and the communities in which they live are the core social and economic units of American society” they were “the key environments within which financial capability can be taught and learned with long-lasting effectiveness” (p. 11). As per this logic, individuals had an ethical responsibility to their communities and “should learn the key concepts of personal finance at the heart of their lives” because they owed it to those around them (p. 11).

Not only should one’s community obligations be the motivating forces behind ethical financial choices, but also according to the Council, “‘Communities are an entry point for social change….’ They affect individual and family well-being and their influences are amendable to change” (p. 12). Therefore, in the programs of financial education put forth by Obama’s Council, the community, including “the local […] businesses, financial institutions, schools, non-profits, and even places of worship” (p. 11), were used as both the foundations for legitimating reform and the means through which financial capability could be achieved.

Changes to financial education at the community level included the creation of “operational councils at the state, local and tribal level to help improve the financial capability of citizens” (p. 22). According the 2013 report, 113 councils had been formed or were in the process of being formed that used the “Creating Financially Capable Communities” resource guide to frame their efforts. The guide was created by the Council itself and was meant
to inspire local leaders to leverage partnerships to create their own financial capability initiatives as a means toward building financial well-being in their communities – a prerequisite for competing and winning in a global economy (President’s Advisory Council, 2012a, p. 1).

Ideally, through the six-step process these leaders would evaluate their communities, create a council geared towards their communities’ needs, focus and delegate subcommittees according to the more specific problem areas, set goals and standards, develop programs through the framework already established by the Council in resources such as “Money as You Grow,” and then reevaluate and readjust according to the results (pp. 4-14).

Considering that this initiative centered much of its focus on students and employees, the resources made available differed little from those workforce programs examined above. For example, community leaders using this resource guide were encouraged to turn community members towards the “Money as You Grow” and “Money as You Learn” sites as well as mymoney.gov. Much like the employee-centered programs, the intention of the “Creating Financially Capable Communities” resource was to provide a multiplicity of sources where leaders and community members could go to access information on what it meant to be financially capable. There was the dissemination of the same neoliberal principles found in other programs, but through a recognizable community-based lens meant to make such discourse more persuasive.
However, while this part of the community-based financial education initiative was undifferentiated from other programs geared towards problem sectors, the Obama Council did incorporate a novel approach for financial education when it used the community as the focus of the “MyMoney App Challenge,” a competition created via a partnership between the Department of the Treasury and two non-profit organizations (Department of the Treasury, 2013b, p. 23). In particular, the “MyMoney App Challenge” incorporated mobile technology as an interface through which financial education rhetoric could be disseminated.

The competition took place throughout 2013 and called for “ideas and designs for next generation mobile tools to help Americans shape their financial futures” (ChallengePost, 2013). The 300-plus individuals that took part in the challenge were guided by a rubric that suggested the following:

Mobile technologies have the potential to transform how consumers access financial products and how they make decisions about their finances. Use of mobile devices is growing rapidly, including among traditionally underserved consumers. In addition, the expansion of access to data about financial products is creating new opportunities for innovators to create data-driven tools and services that empower financial consumers. These advances in technology make possible a new class of apps that allow consumers to search for and access financial products on demand, manage their finances, and set and stick to financial goals (p. 1).
Thus, competitors were urged to employ digital advancements that would lead individuals towards a constant awareness and self-governance of their financial situations.

Five winners were selected to receive $25,000 in prizes with some of the money going towards further development of the apps via FinCapDev, a non-profit application start-up initiative funded by the Ford Foundation, the Citi Foundation, and the MetLife Foundation (FinCapDev, 2013). Of the five winners, three developed functioning applications to be used for personal financial management. While distinct in their designs, these applications were similar in their use of the mobile interface as a source for management of savings accounts, student loan balances, and investment holdings (ChallengePost, 2013). For example, Centz, the “Grand Prize Winner” allowed users to see the balance of their student loans (Figure 6). In addition, users could create and implement savings plans and payoff plans for student loans (Figure 7). Some of the apps also included quizzes to be taken by users that provided information about items such as loan consolidation and sources for coupons that could be used towards purchases as businesses in their respective communities.

All of the fully developed applications were visually and emotionally appealing for users (ChallengePost, 2013). For example, two of the three apps used bright red to signify debt and blue or black to signify equity (Figure 8). When a user made a payment
towards a loan or deposited money into a savings or retirement account they were greeted by an announcement that read “Congratulations! You’re close to your goal!” (Figure 9). If necessary, users could also change their financial planning goals to account for increases and decreases to income or create new plans that allowed them to track savings towards big purchases such as a car or a home. As a whole, these mobile applications were further proof of the Obama Council’s awareness of the power held by mobile technology to trigger more productive financial decision-making, something that was also present in student-based financial education strategies.

These two examples from the Council’s reform of community-based financial education exemplified the drive to incorporate digital technology into the lives of individuals in order to foster a constant awareness and management of personal finance. The latter mobile app example was particularly effective at capitalizing on the “affective life of media” (Grusin, 2010, p. 130).

Figure 8. The threat of debt (ChallengePost, 2013).

Figure 9. Positive reinforcement from the app (ChallengePost, 2013).
in that it used mobile technology as the interface through which users formed affective relationships with both the technology and the content it circulated. The modern mobile phone was (and is) effective as a source of financial education because of its ability to “serve as a participant in an affective interaction” (Grusin, 2010, p. 116). As a digital tool, it received the affective value users provided and it offered up additional affective value back to these users (p. 116). This feedback loop is not unique to mobile phones; the same process is at work with all techno-human relationships (p. 117). However, the mobile phone has become increasingly important in such relations because for many it is always on and always near.

Additionally, the “MyMoney App Up Challenge” intensified the “from-below” creation of affective value found in other digitally enabled financial education programs. All involved users interacting with discourse that gained value each time it was consumed and circulated. The mobile phone applications only accelerated the process by making this rhetoric accessible at the fingertips of users. When items such as “Push Notifications,” texts, emails, and alarms are added to this equation that called for an immediate response by users, the affective feedback loop only gained further efficacy. Self-governing subjects responded when these notices come to them and subsequently took part in a process of communicative labor (Greene, 2004) that added value to the information they received and sent back. As the rhetoric of financial education became more accessible, “from-below” value production, in the forms of both affective and rhetorical value, continued to develop as the means through which habits in favor of neoliberal governance gained their staying power.
In Support of Securitization

The perspective from behavioral economics weaved in and out of the Council’s 2013 report. An awareness of the human factors that fly in the face of rational decision-making framed the recommendations for changes in financial education programs targeting students, employees, and underserved communities. They also influenced the data collection taken up by the Council during and after the writing of their report, through programs such as the “Doing What Works” initiative, which offered financial educators a platform to provide feedback and recommendations (Department of the Treasury, 2013b, p. 25). In addition, much like the Bush-era testing programs, the “National Financial Capability Study” conducted by the FINRA Investor Education Foundation in 2012 sought to evaluate and understand the strengths and weakness of financial education in order to implement more effective programs in the future.

These new attempts at securing the place of neoliberal governance were unique because of the Obama Council’s desire to “be consistent with the latest findings in financial education and behavioral economics” (p. 10). In a sense, this Council embraced an acknowledgment of “animal spirits” as irrational factors that impacted how individuals make financial decisions. As an apparatus of security, this approach was novel because financial education, as conceived of by the Obama Council, would need to change along with new data about how and way people make choices. Thus, in a time when President Obama was in need of a more effective financial education program to structure to most economically beneficially individual choices, the insight of behavioral economics was immensely important for it provided this program of governance with the information
needed to change old techniques and build new ones that could ensure the right level of confidence and the most beneficial risk-taking.

And digital media provided the means through which this was made possible. By embracing the notion of access and then spreading that access through a plethora of available resources, the Obama Council increased the opportunities for individuals to come into contact with the discourse of financial education and subsequently interact with that discourse through the Internet and mobile technology. The post-crisis goal of Obama was to enable each American to make financial choices autonomously, but to do so to “capacity” (2010, p. 1). This would involve regulation on one side and financial education on the other. However, to legitimate such government intervention, the proposed reforms to education had to be extremely effective. Digital technology helped produce this efficacy, which now, in the time since regulation and consumer protection have failed to implement programs for the production of confident, risk-averse choices (Eisinger & Bernstein, 2011; Kaufman, 2013), financial education has taken on an added level of importance.

This did not relieve financial education of its pro-neoliberal stance. In fact, digitally enabled financial education only helped solidify the place of modern governance and did so by using “from-below” value creation, through affective relationships between users, technologies, and discourse, to further habituate decision-making that benefited the American market economy. Through the application of new technologies, users became communicative laborers that gave value to the rhetoric of neoliberalism and ideals such self-made wealth and confident risk-taking. Individuals were provided with the management tools to govern themselves and through that governance conducted
themselves towards actions as ethical, community-aware individuals making financial choices to “help keep America competitive” (Bush, 2008b, p. 1; Obama, 2010, p. 1).
Chapter Six: Conclusion

Neoliberalism is a discourse that provides the structure according to which all actions are taken and through which all actions are evaluated. It is the contemporary “grid of intelligibility” (Foucault, 2008) and the framework of truth through which individuals govern themselves. Communicating this discourse, especially in the digital era, gives value to such a framework. These communicative actions make the truth more potent, more habituated, and more difficult to resist (Greene, 2004) because they add affective weight to such discourse that produces emotional experiences for individuals making choices in the neoliberal environment (Chaput, 2010). In recent years, etho-politics has been added to this equation and offered ethical and moral responsibility to one’s community as a technology that further entrenched the ideals of self-made success, free markets, and deregulation, making these principles the ones used to manage our daily lives more compelling (Rose, 1999).

When neoliberal economists like Milton Friedman and Friedrich Hayek developed these theories and leaders of Western nations legitimated their application of neoliberalism as a rationality of governance they did so with a blind faith in the rational decision-maker, an individual that made choices void of the “animal spirits” John Maynard Keynes had warned of many decades prior. Instead, this new system proffered a population of subjects that would evaluate their choices and confidently make the decisions needed to provide the fuel necessary for developing a competitive edge. As
world markets continued to expand, it was thought, rational confidence would bring increased wealth to those countries comprised of neoliberal minded decision makers.

Such neoliberal beliefs provided justification for deregulation of the financial sector throughout the 1980s and 1990s including the reinterpretation of the Glass-Steagall Act. The atmosphere that such legislation created was one in which investment banks and commercial banks merged and earned profits from investments as well as the expansion of credit, which helped fund additional investing by these banks (Sherman, 2009). Those institutions that could best assess and take on risk became those that profited the most. More often than not, such banks were those with the best (and most rational) computing technologies for evaluating risk (Bernstein, 1996, 1998). This orthodoxy trickled down to the lay citizen who, in the era of neoliberalism, was presumed to be just as capable of assessing and capitalizing on risk, especially when prodded to make decisions about personal finance.

Such egalitarian action did not offer the financial opportunities for wealth creation it had promised. For example, while institutional knowledge allowed these large banks to capitalize on risk by investing in riskier and more profitable assets, the individual investor lacked the resources to make such rational and profitable choices about their own finances. Further class separation resulted (Dixon, 2009), but it was not until the 2007-08 financial crisis that this problem justified the attention of central government. As a moment of problematization, this crisis was unique in that showed two areas needing reformed governance: the US financial sector and the population of personal financial decision makers.
The result was several months of government intervention in the forms of confidence-producing rhetoric and eventually bailouts and stimulus packages. In the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 there was even the promise of government regulation, particularly the governance of risk assessment and risk taking by the financial institutions on Wall Street. However, extensive regulation never occurred and State-centered intervention of the economic sphere remained impossible. What resulted were the reformation of financial education in the United States and the development of financial education as a technology of governance.

Transforming Financial Education

Using this fissure as a starting point, this dissertation examined the roots of liberal governmentality, its transformation into classical liberalism in the United States, its shift towards social liberalism in the years after the Second World War, and its manifestation as the neoliberal governing rationality at work in the current moment. Key to this critique was an understanding of the affective elements at work in how these rationalities governed risk, which first surfaced as an object to be calculated and managed within classical liberalism. In this era, risk was viewed as something that could stand in the way of economic progress in the United States. In response, individuals functioned as the means through which such risk could be managed by transforming into subjects who consumed the affective discourse of free choices and free markets then used that information to move forward with confidence as they made economic decisions.

As a program of subjectification, early financial education –often taught by community and church leaders– brought individuals into the realm of liberalism by providing them with the information needed to best govern their daily lives. The
population was taught about risk and provided with the affective framework needed to enable confident choices, keep dangerous risk at bay, and occasionally profit from risky decisions made in relation to moves such as the buying, selling, and trading of grain futures. In this era, the onus was placed on the individual who, through his/her subjectification, could deal with risk effectively without the influence of the US government.

This built-in confidence engendered by liberal discourse proved to be lacking during the Great Depression, when overconfidence led to risky decision-making that flew in the face of rational choices and caused a decade-long crisis of confidence in the US. In response, risk was reframed as something central government had to control and regulate. With the input of Keynes and his theories on “animal spirits” as the innately human, but irrational affective elements standing in the way of sound economic decisions, social liberalism developed and made the State responsible for dealing with risk. Social programs and economic intervention occurred that challenged the liberal ideology upon which the US was founded. Still, through these policies the American public was provided with the confidence needed to restart the US economy.

The rhetoric of social liberalism, financial education included, became concerned with fostering a relationship between the individual and the State through which subjects acted responsibly not through wise economic decisions, but through a nationalist devotion to the US government. These subjects felt confident in knowing the State would ensure economic progress through governance of the liberal economic sphere. No longer was it the discourse of liberalism that transformed individuals into subjects that made
confident choices alone. Instead, the US government, through social liberal rhetoric and intervention, injected all the confidence necessary for the US economy to move forward.

With the introduction of neoliberal policies in the 1960s and 1970s, social liberalism was made into a problematic mode of governance because it stood in the way of individual freedoms and it limited the potential of market exchanges. According to those like Friedman and Hayek, social liberalism had limited the progress to be gained by economic liberalism by making the State the center of governance, rather than by allowing the individual to self-govern. An influx of neoliberal techniques and strategies resulted, such as novel monetary policies and deregulation legislation meant to free the US economy from State influence and prod financial decision makers towards rational choices. Human capital emerged as a tool for making this shift possible and transformed the individual into the source for effective management of the population. By investing in oneself and adding to one’s human capital, the US would become a nation of rational and confident subjects profiting from risk-taking to fuel economic competition.

The rhetoric of financial education from the 1980s into the 2000s circulated this ideology, provided individuals with the information needed to build human capital, and helped privatize risk (Dixon, 2009). In turn, these students of financial education were made into subjects that could capitalize off of risk for the benefit of the larger economy. The creation of bubbles such as the “dot com bubble” in the early 2000s and the “housing bubble” that fueled the 2007-08 financial crisis proved the ability for such rhetoric to create an affective environment where embracing profit-producing risk was celebrated. In particular, these situations showed the ways affective discourse was circulated to create confident makers of choices who bought into the edict of hyperrationality, rather than
those with an awareness of how animal spirits could engender actions of over- and under-confidence (Akerlof & Shiller, 2009).

Despite rhetorical and monetary attempts to stabilize the ebb-and-flow of confidence amid the 2007-08 crisis, eventually the ignorance of animal spirits triggered a reevaluation of financial education. However, rather than using this moment of problematization—which was caused by the simultaneous increase of State involvement within the economic sphere and the failure of the financial education system as it had been—attempts were made to restructure financial education as a more effective technology for ordering an affective atmosphere that would produce the self-governance of confident financial choices desired.

**Financial Education Now**

At their roots, the programs recommended and created by President George W. Bush’s Council on Financial Literacy and President Barack Obama’s Council on Financial Capability differ little. Both attempted to increase access to the rhetoric of financial education, a rhetoric that circulated neoliberal edicts of personal responsibility, economic progress, and rational risk management, through the use of repetition and digital technology. Both attempted to guide financial action through programs of governance to engender a population of rational individuals that assessed risk and make advantageous financial choices that helped ensure an appropriate level of confidence throughout the US economy. Both involved transforming those ignorant about the ins and outs of financial decision making into rational economic actors and actresses that could add value to and further legitimate neoliberalism as a truth and as a rationality for managing a society.
The differences take form in how these programs attempted to make such repetitive actions possible. The Bush Council was interested in opening up access to a framework of decision making through digital technology. Thus, this content was created by those who with a professional financial knowledge and a history in financial education and circulated through a “top-down” approach in hopes that a large number of Americans would enter into the desired affective environment and make more advantageous choices as a result. Digitally, the Internet was means of making this possible and functioned as the interface through which information could be accessed and then passed down from one to many. This was the case with the “Money Math” curriculum and the content on the mymoney.gov site, resources for students and employees, respectively, that provided information to at-risk populations for making more informed choices about their personal finances. Community-based initiatives circulated the same interest in access through online training of instructors followed by dissemination at community-based events.

On the other hand, the Obama Council took to newer digital technologies such as interactive websites and mobile phones to not only increase access to information, but to make sure this information was used for the ongoing management of one’s personal finances. Like their predecessor, the latter Council remained interested in getting information to those who needed it and who used it to act confidently, but did so by literally putting such rhetoric into the hands of users. When looking at the research on the relationships between mobile technology and its users (ex. Vincent, 2010; Grusin, 2010), it is possible to see how feedback loops are made possible through these relationships that are then capitalized upon to produce and circulate added value beyond the discursive information passed between the two. The result is an affective atmosphere within which
users continuously interact with information meant to prod them towards knowledge consumption, rational choices, and confident financial decisions. For example, by using mobile applications users were constantly made aware of their financial situations and guided towards ongoing management through things such as “Push Notifications,” email alerts, and text messages. Thus, consumption of financial education information remained, but with the added function of interactive financial management that supported the affective environment of neoliberalism.

There has been a plethora of financial learning and management tools created that combine the transfer of information and ongoing processes of financial management. One example can be found in the “Cash Course: Your Real-Life Money Guide” program, an online tool developed by the National Endowment for Financial Education (NEFE), an organization that has focused on financial education for many years (CashCourse, 2014). The goal of the program is to “equip students with information that helps them make informed financial decisions, from orientation to graduation and beyond” and it does so by providing information on items such as “Paying for Education,” “Money & Relationships,” and “Working & Earning.” This is the same type of teaching involved with the “Money Math” curriculum created by the Bush Council. However, with the “Cash Course” program users are offered access to various “Financial Tools” such as a mobile phone service that will send weekly financial tips as well as an interactive planner for tracking spending, devising a learning plan, and taking quizzes assigned by faculty members at institutions using the program.¹

¹ The University of Denver used the “Cash Course” program and provided information to students that took part in 2014 Money Week activities from April 7-11.
This new program uses techniques of both Bush and Obama Council to proliferate acts of knowledge transfer, consumption, and circulation. “From above” and “from below” practices are employed to create value for the rhetoric and make it stick. Students of these programs are the means through which such affective priming occurs and the means through which such an atmosphere is sustained. Thus, there is a combination of both types of governance with the same end goal: the production of an affective environment through which a confident, risk assessing and risk-taking subject is produced. Users that take up this resource work as communicative laborers, adding value to neoliberal principles and through financial education, become the means to a healthy US economy. No longer is it one type of technology of governance over another, but rather a combination of the two that ends up winning out.

The same types of programs have been created by private institutions, but with the same goals in mind. For example, Fidelity Investments has a mobile phone application through which users can research investments, learn about investment strategies, and manage their money all via one interface that “puts powerful portfolio management tools into the palm of your hand” (Fidelity Investments, 2014). Once again, the always-on ability of this new digital technology works for the benefit of neoliberalism, especially its drive towards self-governance. The Fidelity app, like dozens of other apps in the same category, gives users information, but also provides the means through which this information can be used for the ongoing management of one’s personal finance.

This self-governing subject is the one sought by modern financial education. Through such a subject a collective of what Charles Schwab (2014), founder of the personal investment company that bares his name, has called, “people who want to take
ownership of their investments like they do in every other aspect of their lives” is created. Taking ownership implies a commitment to one’s self and one’s community and by taking ownership the subject is taking responsibility for his/her actions. Financial education may be provided by the State and through it, the State may acquire the information needed to secure modern governance, but beyond that moment of initiation, beyond the point of contact when information is provided and an affective framework is produced, it remains the responsibility of the individual financial decision maker to move forward with confidence, profit from risk, and remain competitive. And in neoliberal fashion, if that subject happens to fail, the onus is on them.

Limitations, Implications, and Further Research

As a piece of rhetorical criticism that unpacked the discourse surrounding the creation of President George W. Bush’s Council on Financial Literacy and President Barack Obama’s Council on Financial Capability and recommendations/developments made by these Councils, this dissertation was unable to fully account for the results brought on by financial education reform, in either case. Whether or not one program or programs was more successful than others according to financial education assessments was not included in this work and claiming that one program was more effective than another remains impossible. Therefore, at the moment it cannot be known whether the use of digital technology was more effective in one case and not the other, or why certain nuances may have led one program of financial education to be more useful for engendering self-governance than another.

In addition, this dissertation did not seek out those who created the programs or those who took part in them. Such research could have produced the qualitative data
necessary for a more complete understanding of the motives behind financial education reform as well as the value taken from the new programs. For such reasons, questions like, “Does access to financial education make one feel more confident in their financial choices?” or “How does one feel about financial risk-taking after going through a financial education program?” remain unanswered. I believe this information is necessary to better evaluate the effectiveness of the programs as well as their ability to foster an affective environment in which confident financial subjects can function.

However, this dissertation has shown the ability of circulation, especially digital circulation, to increase access to information meant to structure the decision-making of subjects within modern liberalism. Clearly, through interfaces such as the Internet and mobile phones, pertinent financial information has been made more available to those who had previously not had it. In turn, if Greene (2004) and Chaput (2010) are correct in their theorizations, these acts of circulation have also added value to the rhetoric of neoliberalism by making individual agency, in relation to both informing others about these programs and using these programs for personal financial management, a way for the neoliberal rationality to retain its legitimacy. People have used these programs for personal betterment and told others about the resources available to them. And while such communicative acts have benefitted such individuals, they do little to poke holes in the edicts of self-made success and personal freedoms offered by neoliberalism. If anything, financial education has helped fuel such approaches to daily decision-making and further injected this grid of intelligibility as an ethical imperative.

Future research would seek out the information found lacking in this dissertation by reaching out to students, workers, and community members to see how financial
education reform has affected them. It would attempt to find out what these people actually gained from financial education and whether or not they found the programs to be helpful. I believe that such work would be instrumental not only for showing how such processes lead individuals towards self-governance, but also how they foster personal agency in relation to financial choices in ways that may actually benefit those long thought to be maliciously governed by neoliberalism.
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