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'Mastering the Possibilities': A Sociology of Credit, Consumption, Risk and Identity in the United States

by

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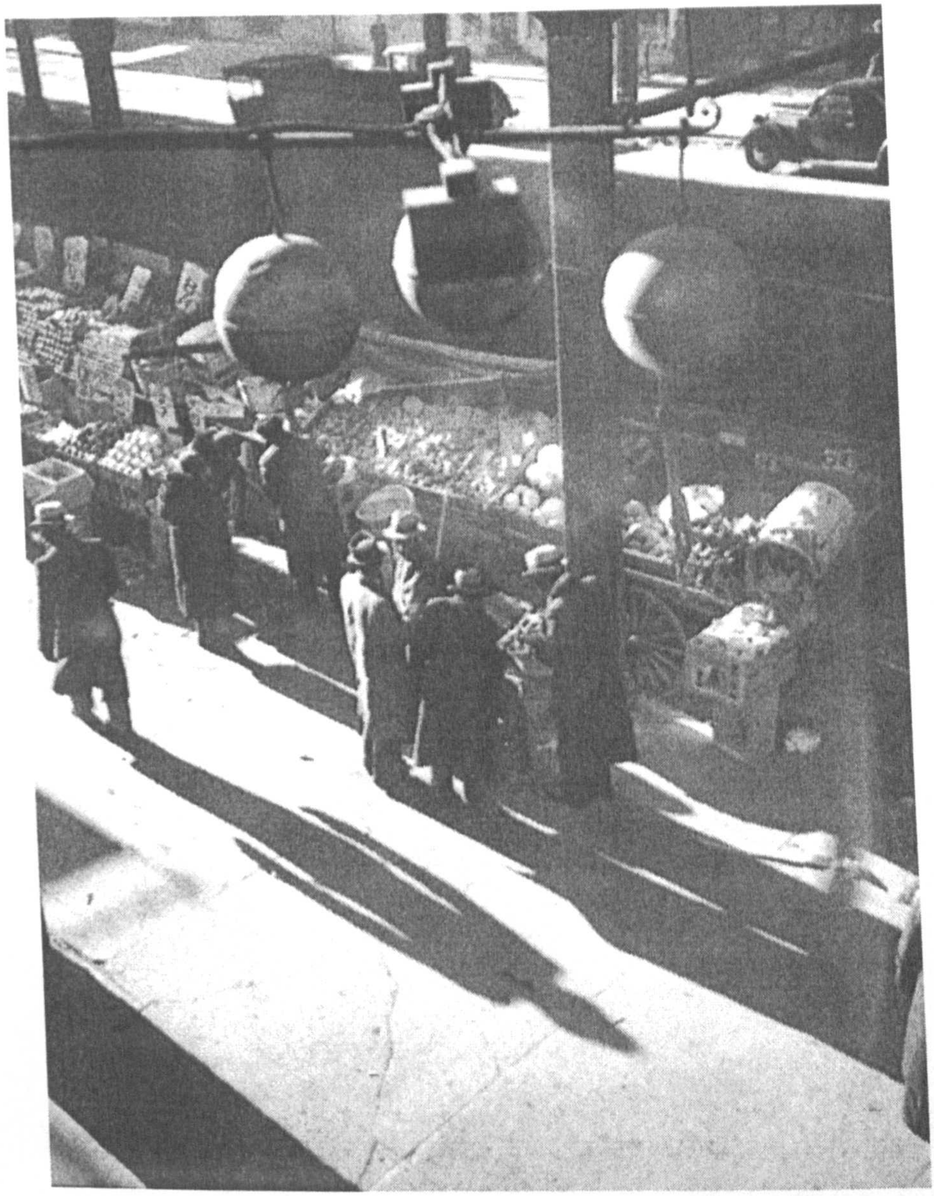

Pawnbrokers Sign Over Market/Long Shadows
1936 Harlem, New York

Abstract

This thesis sociologically analyses the development of consumer credit within the United States and the forms through which it has been governed and regulated. It is demonstrated that, as the consumption of goods and services came to play an increasingly important role in the mediation of social life during the first half of the 20th century, consumer credit grew in scale and form, funded by mainstream finance capital. As articulated by economists, such credit was justified as 'productive', an essential element in the facilitation of mass consumption now seen as a fundamental corollary of mass production. The state, through legislation and new initiatives, sought to protect, direct and manage the market for credit in the interests of nurturing a wider social wellbeing. It is suggested that by the 1920s the instalment plan, underpinned by the 'conditional sale' contract form, represented a new, paradigmatic form of credit. With it, lenders channelled credit to consumers through carefully calibrated, bureau-legal processes which served to discipline and regulate credit use and repayments to prevent default losses. From the 1960s, with the cultural critique of mass society and the rise of new modalities of consumption concerned with lifestyle and self-identity, the widened size and scope of credit is demonstrated. Tracing the institutional development of the credit card, it is contended that this created a new paradigm of credit as a personalised, mobile resource to be drawn upon by individuals in the increasingly autonomous, market-derived living of their lives. Permeated by the political rationality of neo-liberalism, it is elaborated how the state's regulation of credit has shifted on the basis of its perceived responsibility to promote this individualised, 'enterprising' mode of life. It is also detailed how lenders, tasked with governing the threat of non-repayment across whole populations of credit consumers, have increasingly come to deploy large-scale risk technologies and sophisticated credit reporting systems that trace the recorded actions of individuals in using credit. Finally, it is shown how consumers have become governed to manage the uncertainties related to their consumption choices and resources based upon the inculcation of a reflexive self-government over their own credit conduct.

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And lastly, to Catherine......on whose love I've thrived, support I've relied and patience I've more than tested. Words can't express, except perhaps one ... indebted.

Introduction

> Beautiful credit! The foundation of modern society. Who shall say that this is not the golden age of mutual trust, of unlimited reliance upon human promises? That is a peculiar condition of society which enables a whole nation to instantly recognize point and meaning in the familiar newspaper anecdote, which puts into the mouth of a distinguished speculator in lands and mines this remark: "I wasn't worth a cent two years ago, and now I owe two millions of dollars".
>
> Mark Twain, *The Gilded Age*

'A Peculiar Condition of Society'

Perhaps one of the most over-cited quotes in English literature whenever the topic of debt is mentioned is in Hamlet when the pompous Polonius sternly cautions his son Laertes to 'neither a borrower nor a lender be'. Aside from the words of the bard, Gelphi and Labruyère note some seventy proverbs which enjoin the receiver against the perils of lending and indebtedness, from the American 'a bad loan is like a broken mirror' to the rather ambiguous Persian injunction that 'debts are husbands to men' (2000: 177-8). Beyond such homely wisdom, debt and credit, borrowing and lending, have proven extremely problematic activities that since the dawn of humanity have attracted the active intervention of the social body to frame its occurrence and course. The Code of Hammurabi, the first written corpus of laws etched on a two metre high stele, regulated the form and substance of credit agreements throughout the duration of the Babylonian empire from 1800 B.C. It bound maximum interest rates, required that loans of any kind had to be drawn up in the presence of a public official, specified in detail the process of pledging collateral for loans, permitted servitude for debt up to a maximum of three years and mandated that repayment was null and void in the event that the lender violated any of the code's terms (Homer, 1963: 25-31; Gelphi and Labruyère, 2000: 3-4).

In Ancient Greece from the 7th century B.C., in the wake of a new wave of commercialisation, the influential political and economic reforms of Solon, and the emerging pre-eminence of Athens, the great philosophers elaborated a theoretical condemnation of interest. Plato rejected commercialism as a degrading detraction from affairs of state while Aristotle's analysis of money concluded that both interest and profits from trade were illegitimate by virtue of the fact that money was unproductive, a barren means of exchange rather than a productive capital which could not be held to 'naturally' attract a return. Only agriculture was held by Aristotle to be the true source of wealth. Despite this elitist intellectual opposition, however, credit remained an integral part in trading, manufacturing, agriculture and state affairs in Greece (Gelphi and Labruyère, 2000: 4-8).

In early Christianity, the doctrine of usury was articulated to outlaw virtually all forms of lending. Whereas the 'Deuteronomic double standard' had allowed the charging of usury to strangers but not to one's brother, the new universalistic Christian church held this distinction to be unconscionable (Nelson, 1969: 3-28). Even as European trade and commerce recovered in the 11th and 12th centuries, the doctrine of usury 'weighted heavily on the consciences of political and Church leaders and of merchants and bankers' and fundamentally shaped the progress of economic affairs until the Reformation (Homer, 1963: 71). At the same time though, a new theory of interest, as opposed to usury, was elaborated which articulated the reasonableness of a charge upon money, not for its use but as a form of compensation in the event of delayed repayment. This was soon extended to cover the administrative cost of making loans, to defray the opportunity cost of the money loaned as well as for compensating the risk of lost principal (Homer, 1963: 73-4; Gelphi and Labruyère, 2000: 34-7).

In the fourteenth century, the Church attempted to alleviate problems of poverty through the raising of money and provision of interest-free loans while, in the century that followed, charitable pawnshops known as *montes pietatis* became established by Church and municipal authorities around Italy to alleviate the suffering contrived by extortionate pawnbrokers (Homer, 1963: 78-9; Hudson, 1982: 25-7; Gelphi and Labruyère, 2000: 42-5). In 1515, the Lateran Council finally legitimised the charging of interest on such transactions on the basis of it being a compensation for administrative expense. In the 16th century, with the promulgation of the Reformation and Luther's declaration that a Christian man 'was free, under no obligation to observe dead Mosaic ordinances' (Nelson, 1969: 29), usury now took the form, not of a complete prohibition on interest-taking, but of interest that was excessive or exploitative. Within Britain, as Hoppit (1990) shows, the expansion of public, commercial and personal forms of indebtedness within the tumultuous period between the late seventeenth and early eighteenth centuries sparked ongoing, vigorous debates on the ethics, morality and practicality of borrowing in all its forms, from the corruption inherent in the emerging permanent national debt to the extortionate rates of interest charged by pawnbrokers and Jewish moneylenders.

Although loans have always been made for personalised use, consumption as a particularly distinctive domain arose only with the emergence of wage labour and the separation of home life from workplace under capitalism. In doing so, it came to represent a site integral for the reproduction of labour and of capital itself yet, at the same time, denoting a sphere characterised by the threat of devourment and destruction of productive potential (Reith, 2005: 230). It is the conflation of this ambivalent sphere with the particular characteristics of credit that, perhaps, serves to inject consumer credit with the profoundly problematic cultural understanding it has endured since its inception, a contradiction most clearly evident within the United States. The New World has represented, on the one hand, a young dynamic society, progressive and industrialised, free from the constraints of its colonial forbears. Towards the end of the nineteenth century, it also became one of the most resolutely consumerised, with novel developments in retailing, commercial distribution, and advertising, as well as consumer credit, promulgating and feeding on the longings and desires of individuals as consumers. Yet, at the same time, the Puritan legacy of industry, frugality, asceticism and service, secularly exemplified by Benjamin Franklin has long been held as the core element at the cultural heart of the United States. Still to this day, long after Jeremy Bentham's 'In Defence of Usury' had won the argument for the ending of usury ceilings in Britain by 1859, most individual states in the US continue to impose some form of interest or usury ceiling in credit contracts. It is for these reasons that the United States provides the specific historical context for this thesis.

In his extraordinary contribution to our understanding of the development of consumer credit within the United States, cultural historian Lendol Calder (2002) argues that two polar 'myths' have driven the conceptualisation of consumer credit. On the one hand, the myth of credit as the 'great democratiser' presents credit as being a social equaliser, of promoting higher standards of living amongst the masses and allowing all to enjoy the realisation of their consumerist desires. While President of Princeton University, Woodrow Wilson remarked in 1903 that the automobile would bring socialism to America as everyone would want one but not everyone could afford one. On the contrary, it was the commercial organisation of credit instalment plans which was to accomplish this task of individualised personal fulfilment. In the early decades of the twentieth-century, economists such as Edwin R.A. Seligman (1927), and Evans Clark (1930) gave intellectual respectability to this myth, reframing foundational concepts such as 'production' and 'consumption', 'luxuries' and 'necessities' to show that consumer instalment selling was socially beneficial. In the post-war era, commercial economist Clyde Phelps (1954, 1955) presented instalment credit as being an essential component in the dynamic of a rising standard of living, fruitfully straddling the two pillars of mass production and mass consumption. More recently the redoubtable Alan Greenspan as Chairman of the Federal Reserve linked the growth and distribution of American prosperity to a flexible, competitive, technologically-intensive consumer credit marketplace, cautioning a role for government regulation only in creating a level playing field where individual initiative is respected.[1] Today, many economists are relatively cautious about the development of consumer credit yet trust to innovation and freedom of individuals and markets to ensure optimal outcomes (e.g. Maki, 2002; Bostic, 2002).

The other perhaps more culturally potent myth surrounding consumer credit has been the 'myth of lost economic virtue'. As Calder (1999) notes, the 'under-consumptionists' of the 1920s saw the approaching Depression as a necessary period of retrenchment in compensation for the economic growth supplied by the 'borrowed' wealth of consumer instalment credit. Decades later, in the late 1950s, the likes of Galbraith (1985) linked the development of consumer credit to the creation of a new host of 'needs of the second class', contrived by the advertising and sales industry to fabricate demand for goods not physically required by individuals. Within this spirit, through a muckraking exposé of the consumer credit industry, Hillel Black (1962) attacked the mindless hedonism of consumers nourished by new forms of credit, especially among those who could least afford it. He also excoriated the heedless profit mongering of financial institutions and retailers, the calculated invasiveness of credit bureaus and bill collectors, the luring of children into debt as a 'normal' practice, and the particular exploitation of the poor. For Black, it is not credit itself which is the problem so much as its development as a rapacious industry within itself combined with the development of a new class of indigent debtor, new forms of 'on-the-cuff' living and the growing pervasiveness of an 'economic immaturity' where debt outweighs savings. In this witches brew of commercial and consumer greed, immorality, deception and diminished competition were perceived to flourish, not least serving the propaganda aims of America's Cold War enemy.

Undeniably, the most prominent and thoughtful exponent of this myth of lost virtue has been Daniel Bell's *The Cultural Contradictions of Capitalism* first published in 1975. Following Weber's argument that thought, conduct and social structure are interlinked and are characterised in developed Western societies by instrumental rationality, Bell (1996) argues that the 20th Century has seen a massive divergence in the character of the social structure and culture with the former adhering to bourgeois precepts of efficiency, functionality and best means to given ends while the latter has, in essence, become autonomous from the social structure, characterised by ever-greater anti-rationalism and subjectivism. Bourgeois authority has been challenged and undermined and its puritan culture deemed old-fashioned and arcane to the point of indefensibility. Accordingly, for Bell, social position and cultural styles no longer correspond. Increases in discretionary income, greater education and social permissiveness have disjointed the correspondence of social position to cultural style as people become free to select their own cultural tastes and lifestyle, aided by the percolation of the life-styles of the elite to the many via mass-media forms.

The rise of mass consumption and the incorporation of more social groups in the consumption of so-called luxuries is, for him, the key to understanding why culture has changed. This change, he suggests, can be derived back from certain specific innovations in the techno-economic structure: the application of electricity, the development of assembly line production, the rise of segmented marketing, new means of transportation and communications and lastly, the emergence of instalment credit which Bell thinks so radically undermines the so-called 'Protestant fear of debt'. The final factor is summed succinctly in Bell's belief that 'the trick of instalment selling was to avoid the word "debt" and to emphasise the word "credit"' (1996: 69). The cumulative effect of these developments is that work and the concomitant accumulation of wealth as reward remain, no longer, the primary social values as emulative consumption and display come to dominate the cultural order. Ultimately the social structure, and capitalism itself, becomes gradually weakened as the motivational system upon which it is built gives way to new forms of hedonism. Therefore, as it would seem, the rise of consumer credit within capitalism exists as one of the contributory factors that is leading to a diminishment of the puritan ethic and an increase in wanton consumption within a process that is fundamentally damaging to the underlining cultural basis that makes capitalism possible.

More recently, David Tucker's (1991) *The Decline of Thrift in America* has argued along similar lines that the growth of personal indebtedness was part of a grand shift in national mindset stemming from the beginning of the 20th century but gathering particular from in the aftermath of World Ward 2. This cultural change, 'from saving to spending', however, exists not merely at the level of the individual but is reflected at the level of state macroeconomic management as well, from the popularity of Keynesian deficit interventionism to the 'supply-side' economics of Reagan and also the Monetarist School of the 1980s which advocated government retrenchment for stable prices, higher growth and the promotion of entrepreneurialism yet ignored the need for the fostering of traditional moral virtues upon which, Tucker claims, economic survival and development rely.

In the 1960s, sociologist David Caplovitz (1968) saw an inextricable link between the development of a new affluent society and the increasing use of credit. However, he perceived this not merely as an outgrowth of economic development or new consumer culture but as the long term outcome of the changing occupational structure characterised by the growth of a new secure, salaried middle class. Whereas, he argued, the wealth of the older ascetic entrepreneurial middle class was grounded on capital, investment and profit engaged within the market, the new white collar class employed in the vast bureaucratic edifices of mass society were characterised by job security, salaried stability and a predictable trajectory of occupational advancement. It was this latter factor, in particular he argued, which would provide the higher future income needed to bridge the pressing consumerist needs of the present amongst a class that was increasingly consumer conscious.

However, the few more contemporary sociologists who have explicitly examined consumer credit have concentrated on the thesis of an evaporating cultural heritage played out against wider societal dislocation. In a self-conscious examination of the fate of the contemporary American middle-class, Sullivan et al. (1989, 2000) and Williams (2004) link current economic prosperity to the expansion of consumer debt and position a causal link between rising bankruptcy rates and the changing social conditions of the middle class. For them, the profound social dislocations and widened economic inequality of the 1970s and 80s, particularly through the depredations of Reaganomics, have imperilled the economic position of the middle class already racked by rising divorce and remarriage rates, lack of medical insurance and the increased burden of homeownership. While increasing equity, rising homeownership rates across all population segments have driven up levels of personal debt, increasing vulnerability and recourse to bankruptcy. In this mix too are seen the exacerbating effects of rising material expectations, the lure of marketing and 'a change of attitude among Americans over the past twenty years or so that permits this unprecedented accumulation of debt' (Sullivan et al., 2000: 25). Rising personal debt thus serves as both a dynamic cause and effect of the downward social mobility of the American middle class.

To the pot of cultural and economic changes, George Ritzer (1995) adds the proliferating technological form of the credit card as a temptation to imprudence, appearing in the minds of individuals, as he sees it, at a greater, more abstract remove from the tangible value of cash. Through this mechanistic relationship, credit card companies' profit-seeking business practices, aggressive marketing campaigns and promotion of expensive services such as ATM cash advances are held to have seduced legions of consumers into a state of crippling indebtedness to which consumers themselves contribute through their 'unrestrained consumption' and 'compulsive' tendencies (Ritzer, 1995: 68). Schor (1998), too, posits a fundamental link between rising indebtedness, the insatiability of escalating emulative consumer wants and the proliferation of expensive forms of plastic credit which seemingly erode the link between getting and spending. She reprovingly cites one psychology experiment where participants exhibited an 'almost Pavlovian' response to spending more after being exposed to some subtly positioned Mastercard logos (1998: 73).

For Robert Manning, consumer credit represents an 'erosion of the traditional cognitive connect, or fiscal equilibrium between household income and consumption decisions' (2000: 105). Through a nuanced historical account, he traces the dissolution of this link between 'getting and spending' to the end of the nineteenth century and the emergence of a new consumerist culture built around the stimulation of a desire rooted in imaginative consciousness. Although battered further in the twentieth-century by the economic excesses of the roaring twenties, the cultural brake of the Depression and the calculated post war solidity of social life sustained by a new welfarist Federal state preserved the essential integrity of this cultural ethic until the 1970s. However, again, the financial onslaught of profit hungry institutions, the 'psychological optimism of affluence' and the egotistical consumerism that was to follow were key components in finally dissolving the threads of the old 'cognitive connect'. Like Sullivan et al. and Williams, he sees the relentless increase in debt over the 1980s as a product of the relentless marketing of credit card debt within a context where the unyielding desire for the symbols of middle class consumption (higher 'spending') clashed with the reality of material uncertainties caused by polarising wealth, corporate downsizings, unemployment and rising rates of divorce (lower 'getting'). Manning, like Tucker, does not point the finger solely at the consumer but identifies the rise also of corporate and government thriftlessness, forming what he sees as a grand 'triangle of debt' elevating the contemporary national economy at the cost of future prosperity (2000: 31-65).

Yet, not all concerned analysts have approached the development of consumer credit forms within these explanatory conventions. In his commentary on James Mill, Marx ([1844a] 1975) himself took the development of credit to be a logical extension in the progress of the system of money under capitalist relations. A credit relation, for Marx, was fundamentally still a money transaction, with value being displaced from its inscription within paper or metal to its incision within the very being of the human subject. Even in benevolent, non-usurious lending from a rich man to a poor one, the financial return with interest is grounded in the very human essence of the borrower and all his potential, as well as the implicit force guaranteed by law. In borrowing between relatively equal economic actors, credit too represents money elevated to an 'ideal form'; value forsakes its physical incarnation and comes to reside in the social being of the borrower and the form of relations between individuals. However, although seeming to bring a new intimacy to human relations, credit simultaneously alienates them in profound ways for, in such a transaction, the worth of an individual comes to be morally assessed not in human terms but in economic ones. It provides, fundamentally, a new means of accumulation for those in possession of capital and a new mode of degradation for those without, fostering mutual deception and deceit and a new level of estrangement amongst individuals under capitalism. Credit, then, is not the symptom of a breakdown in capitalism but rather the manifestation of a new strengthened phase.

Writing in the 1970s, Jean Baudrillard (1998) updated this position in his analysis of consumption. Contemporary consumption he posited was not hedonistic or anomic but, counter-intuitively, a field increasingly penetrated by the rationalising logic of capitalism. Rather than a mode of instant gratification, he suggests that the development of credit represents a 'regime of enforced saving', a new variant of Puritanism that disciplines individuals in their new crucial role as consumers, albeit under the guise of self-fulfilment, in much the same way that factory bosses once regulated labour. More recently, analysing the development of consumer credit within America up until the 1950s, Calder (1999) describes how individuals' flows of income became regularised by their removal from individual control and their subjection to legal-bureaucratic processes to which individuals willingly, and gladly, came to subject themselves. Puritan self-denial, self-restraint and self-control in accumulating resources, he argues, were subsumed by budget plan restraint characterised by the external fetter and control of the contractual obligations of sale. Yet, what Calder fails to elaborate on as Baudrillard does is that contemporary consumer credit, at least, is not experienced as a field of repression or enforced control. On the contrary, its use is fundamentally acted upon and experienced as the essence of freedom, albeit a freedom that is always governed.

Outline of the Argument

It seems that sociology has fallen into a position of treating consumer credit *en masse* as a thing, a novel manifestation of amorality, of capitalist greed and exploitation, of social fragmentation and (middle-class) cultural dissolution. What I attempt within this thesis is to present a sociological alternative where credit is treated as a social process rather than as a symptom of something else; a dynamic field which, as Lendol Calder shows, has a history and genealogy stretching back to at least the 19th century. In a sense, as we will see, credit has always been seen as a problem in need of a solution; at the same time, often being presented as a solution to an array of other problems.

The central argument of this thesis can be stated as follows: in our complex, late-modern societies, the economic prerogatives of capitalism have become tied to the continuous generation, satisfaction and regeneration of consumer wants and desires while the individual's sense of self and sociability have become indelibly linked to the self-realising possibilities of marketed forms of consumption and credit. At the same time, the use of credit has become closely monitored and regulated from outside *and* inside the individual through governing processes which act upon and through the individual's means and capacity for self-constraint. In addressing what I believe to be this fundamental and under-analysed condition, I avoid a retracing of the means by which consumer credit is conceived as a universal pathway towards an all-embracing economic citizenship for all. Neither do I attempt to measure the degree to which our so-called consumer societies have somehow lost an older, simpler cultural economic virtue where what was consumed was conditioned only by the resources that one possessed. More broadly, I also make no attempt to assess the significance of national consumer indebtedness in the United States or elsewhere, its long-term sustainability within a context of historically low interest rates, and how it might affect, or be affected by, changing global economic and political power relations.

The ambition of my argument is, on one level, quite modest. Eschewing 'grand theory', it hopes to show in the 'messy reality' of consumer credit provision the changing ways in which consumers are governed within consumer credit transactions. Yet, at the same time, such a modest ambition requires a broad scale and scope of analysis. In this regard, it is influenced by the legacy of Foucault and informed by the emergence of a 'governmenalist' approach to the analysis of power implicated within social relations. Governmentality emphasises the continuous inventiveness and resourcefulness of authorities, whether individuals, institutions or diverse actors acting under the power rubric of the state, towards understanding and framing the actions of others, economic processes or the course of perceived problems and issues.

Therefore, the scope of this thesis encompasses the specific historical contexts of consumption and the role of consumers, where needs, wants and desires for goods engender satisfaction, pleasure and meaning for individuals. It connects with the ways capitalist enterprise has come to embrace consumer lending as a source of profit – whether directly, by specialist lenders offering credit, or in the form of retailers facilitating deferred payment as a means of enhancing sales. Here, the shifting, changing technologies within which the freedom of credit consumers is addressed and acted upon is presented as being particularly important, involving as we will see, the deployment of such elements as form-filling, legal contracts, the systematic organisation of time, bureaucratic tabulation, information sharing and systematic modes of assessment which invoke the power of expertise and wider material technologies. Finally, the government of credit is shown to be bound, in a more conventional sense, to the political rationalities and programmes of the liberal state. These conceive of credit provision and legislatively shape and direct it in historically contingent ways – such an intervention proving crucial for framing the legal possibilities of the lending process.

What I wish the reader to take away at the end of this thesis is an understanding of the degree to which consumer credit has become a nexus point in 'late modern' societies, a key lynchpin interlinking processes of identity formation through consumption and the continuous creation of profit and reproduction of capital. It is also a site of conflicting political significance perceived to be in need of state intervention, whether to nurture and encourage 'economic enterprise', promote 'social inclusion', or protect the rights of a generic constituency of 'consumer'. At this stage, the reader can perhaps guess why the United States was chosen as the area of enquiry for this thesis: it was, of course, where consumer credit was born and where it has developed to the greatest degree. However, such advancement has not only been achieved in 'dollar terms', of debt outstanding, but by other indices too: the sheer volume and range of credit contracts American households possess; the dependency upon a sophisticated credit reporting network; the complexity, advancement and coverage of the credit scoring systems used by creditors; the American polity's array of specialist, continuously updated and revised legislation; and the degree to which its citizens have come to conceive of and act upon themselves as consumers in need of credit. Yet, the areas examined and the arguments raised have a wider salience for all Western societies and, increasingly, the successfully developing countries of South America and Asia that have embraced a consumer 'buy now, pay later' ethic either serviced by domestic capital or imported from the United States.

The complexity and detail of material examined in this thesis does not preclude the discernment and identification of those wide-scale changes that have occurred within and through the field of consumer credit. As consumer goods came to play an increasing role in the mediation of social life during the first half of the 20th century, consumer credit grew in scale and form to attract mainstream finance capital. Despite a recurrent social fear about 'consumer debt', credit generally came to be seen as something positive, if not essential, to social life and individual freedom. The state, in general, moved from a strategy of repression through usury interest rate caps to one of protection and management in the interest of promoting a wider social wellbeing. By the 1920 and 30s, the conditional sale instalment credit form represented the paradigmatic form of credit. With it, lenders channelled credit to consumers through carefully calibrated bureau-legal processes which served to discipline and regulate credit use and repayments to prevent losses due to non-repayment.

During the 1960s and 70s, against the backdrop of a hollowing out of political endeavour, the forsaken possibilities of collective action and belief, and the fragmentation of social life, credit has continued to swell in size and reach. Its paradigmatic form, it is suggested, is now the credit card – a personalised, mobile resource to be drawn upon by individuals in the increasingly autonomous, market-derived living of their lives. For its part, the state's regulation of credit has shifted on the basis of its perceived responsibility to promote this 'enterprising' mode of life. Lenders, who now have become tasked with governing whole populations of credit consumers, have become progressively more reliant upon large-scale risk technologies, the unimpeded constitution and circulation of data about individual ability to make choices as well as the reflexive, self-governing capabilities of consumers themselves.

The content of this thesis is divided into four main chapters, a summary of whose aims are outlined below.

In Chapter 1, through a sociological examination of historical studies analysing the development of emergent forms of credit in the 19th and 20th centuries, we will attempt to trace the socio-genesis of the consumer and the formation of new modalities for their government. We will explore how out of the fiery cauldron of industrialisation, immigration and urbanisation of the mid-19th century, new forms of lender began to proliferate to meet the borrowing needs of a new urban workforce. Mirroring the growth of labour with wages as its primary means of subsistence, emergent salary lenders began to make loans less on the security of tangible capital that characterised traditional pawnbroking and increasingly around the abstract conception of future wages. On this basis, these creditors deployed new means for acting upon the actions of borrowers, locking them within habitual temporal practices, relying upon their embedded position within the community as well as fabricating a web of legal artifice and subterfuge to insist upon repayment through a legal framework where such lending was almost certain to be illegal under the strict state usury laws of the time.

In the latter half of the 19th century, the middle class and elites, deriving from a moral evangelical Christian tradition, became increasingly concerned by the apparent fragmentation of society propelled by industrialisation and the rise of anomic urban landscapes deprived of a coherent system of moral regulation. The so-called 'loan shark' menace of the salary lenders encapsulated this sense of dissolution as the elite resolved to act through the setting up of Remedial Loan lenders inspired by the historical European tradition of low cost, religious or publicly-run pawnshops. As the new century dawned, a nascent social scientific sensibility within the spirit of Progressivism began to empirically analyse the problem, giving a new weight and density to the phenomenon under scrutiny. Its evocative studies and efforts prompted and promoted new imaginative forms of state intervention beyond the failures of philanthropy, an intervention that would radically alter the terms and possibilities of personal borrowing.

Historically, the instalment selling of goods as a form of credit attracted significantly less authoritative attention than that of cash borrowing. Increasingly developed by retailers within the 19th century to promote the sale of consumer goods including manufactured furniture, pianos and sets of encyclopaedia to the new middle classes, it existed outside the ambit of the usury laws with little coercive regulation of borrower repayment. Later, more downscale instalment selling among cheap furniture stores and its extension to the marketing of the new sewing machine to women prompted a generalised anxiousness about indebtedness, loss of independence and exploitation, a synecdoche for an insecure patriarchal middle class deeply uneasy at the increasing commercial and social flux of the 19th century.

Yet, as we will see, credit found new respectable conduits in the development of department stores and national mail order businesses. The expansion of instalment selling by mail order provides an interesting case study in the development of credit. Just at the new department store form conjured imaginative longings for urban dwellers, catalogue merchants increasingly brought the pleasures of image and desire to increasing swatches of a newly unified, still predominantly rural nation. In the new century, it was instalment selling mail order firms which, faced with the demands and difficulties of governing consumers at a physical remove, attempted to inscribe a conception of their field of subjects through increasingly detailed and refined application forms and questionnaires, tools which represented the world 'out there' in the credit offices of these retailers.

By the 1920s, the development of the mass-produced automobile embodied new, profound shifts in American society. Personal transit shrank the boundaries of time and space while the built environment itself – housing, work and leisure – became moulded to the possibilities of automotive transport. Its manufacture wrought and perfected changes to new production and working conditions while the car itself became the ultimate symbol of a new form of consumption. The car proved equally instrumental in the development of mass personal finance in the 20th century as new, specialised intermediaries harnessed mainstream financial capital for the profitable exploitation of consumer desire and the giant industrial manufacturers, particularly General Motors, funnelled valuable capital to ensure a continuous ready demand for the products streaming from their assembly lines. Yet, in its early stage, car ownership remained a largely middle-class phenomenon, with credit being engaged in a new temporal, legal bureaucratic matrix that disciplined excited, consuming desire to ensure prompt, regular repayment.

In Chapter 2, we pick up our analysis in the shifting discourses and ethics of debt circulating around the emerging system of mass consumer credit. Increasingly, personal debt was justified as 'productive', an essential element in the facilitation of a mass consumption being imbricated within the American Way as a necessary corollary to mass production. Crucially, with the legacy of the New Deal and the growth in the reach and scope of the federal state, such mass credit became an object of regulation – as part of the new grand regulation of the banking sector and more directly, through the imposition of wartime controls by the Federal Reserve which made consumer credit a calculable mechanism in the service of the national interest. Yet, just as the post-war 'affluent society' came under sustained attack from cultural critics as well as a capitalist vanguard of organisational theorists, advertisers and marketers, a revolutionary form of credit began to take root as the emblem of a new consumerism – the credit card. As we will examine through an analysis of its institutional development and the particular ways through which it has become marketed today, the credit card has come to embody a personalised, malleable credit resource to be drawn upon by consumers in the fulfilment of their wants and desires; a form of credit that, as I will demonstrate, has become moulded to, and an essential part of, the formation of contemporary consumer lifestyle.

Within the shifting context of the later 20th century, disillusionment with mass society and disaffection with New Deal welfarism and economic interventionism were met with the rise of new, individualising political rationalities of neo-liberalism. Responding to this, credit market deregulation and liberalisation have become key political strategies for freeing the field of choices available to the consumer. Yet, as we shall see, this does not imply that the state has not continued to intervene heavily within credit markets. Through an analysis of the work of legal scholars, behavioural economists and others, we will explore how the so-called Truth-in-Lending Act 1968 represented a new legislative template for the government of credit that sought, not to direct the functioning of the market as in the past, but to shape the autonomy of consumers. It attempted to lay out the ways consumers were advertised to, and the format of the legal credit contracts they signed-up to in order that they might be better informed, more rational, and more suitably equipped as consumers. Ultimately, it attempted (unsuccessfully it has been argued) to programme consumers to be the kinds of individual economic actors political authorities imagined they should be.

The expansion of the market for credit, characterised by diffuseness and the broad reach of personal choice, took place against the development of new regulatory mechanisms by lenders. As we will examine, the growth of an electronically-mediated industry of credit reporting came to systematise the identity of all consumers via a virtual 'credit identity', inscribing the exercise of their credit choices in such a way which provided lenders the possibility of acting upon them for profitable ends. At the same time, it also opened up new ways for credit consumers to conceive of themselves in relation to the fulfilment of their consumption ambitions. To these ends, we will draw upon an array of material including privacy-rights analysts, information sharing advocates, relevant legislative initiatives and recent theoretical literature on the sociology of surveillance.

In Chapter 3, we examine in detail the development of credit scoring technologies by institutional lenders, in conjunction with statisticians and operations researchers, which emerged most notably in the 1970s and 1980s for the regulation of consumer borrowers. Drawing together an analysis of technical papers, conference papers and other sources on credit scoring and informed by recent sociological and criminological theory on the constitution and deployment of risk as a form of actuarial technology, this chapter traces the emergence of such governing mechanisms in the development of a national market for consumer credit and the emergence of the population as the key locus of analysis for lenders. As we shall see, such technologies interlinked with particular concerns of the state to make credit available as a universal right of every citizen contingent only on their ability to police their own desires and choices and, more broadly, to direct and manage the course of their own lives. The risk-based assessments constituted in an expertly legitimated credit scoring system proved an attractive mechanism. Risk allowed market entitlement to be emptied of the old moral baggage attached to sanctioning decisions made on the basis of class, race and gender; instead, a new 'morality' predicated individual market freedom on the basis of 'objective', statistical relations discerned within populations of consumers.

As will be demonstrated, credit scoring systems gradually became knitted within the institutional fabric of consumer lenders, presented by its expert advocates as distinct from, fairer, more controllable and more efficient than lender sanctioning systems pejoratively referred to as being based on 'judgemental' decision-making. Yet, today, credit scoring represents anything but a homogeneous, unified progressive technology. Its experts continuously grapple with systematic uncertainties, 'risks', which are perceived to impair its effective attribution of consumers as risks. They also formulate alternative, competing approaches and epistemologies for the creation of scoring models that seem to have their own endemic advantages and difficulties, models that offer only situational rather than paradigmatic superiority. Notwithstanding, risk as a technology has filtered into more and more areas within the commercial practices of consumer lending, its strategic advantages in governing a multitude of consumers increasingly leading to the conception of individuals as risks in a host of new, diffuse ways. The tactical government of risk has altered too in recent years, with individuals constituted as risks being acted upon in new ways emphasising the scope of individual responsibility.

While credit markets are inclusionary and expansionary in their quest for higher revenues and profits, the attribution of risk by lenders serves ultimately to exclude. It would seem that the constitution of individuals as relative risks always presupposes those who will be 'too risky' to profitably engage. Those representing an excessive likelihood of failure, be it because of their seemingly inadequate job, income, neighbourhood, history of credit use and performance will tend to be marginalised by lenders, ignored, denied the general benefits of choice within the mainstream credit market. Yet, even here the market intervenes to fill the vacuum of need and desire, want and desperation nurtured by the oxygen of credit. As we will examine through an analysis of a range of social scientific empirical studies, newly ascendant payday lenders, pawnbrokers and 'rent to own' retailers offer an ersatz alternative to credit cards and personal loans for the poor and the marginalised, but in ways that make no pretence that such consumers can or are in a position to govern themselves. They generate coercive practices redolent of their 19th century forebears, compelling a regime of repayments that exact the considerable price of triple-figure interest rates for the privilege of their borrowing services. These fringe borrowers represent the obverse of the self-determining neo-liberal ideal; poor and marginalised they lack the material and systemic potential for free choice, a lack invoked by economists as being irrational but subjectable to educative intervention.

In Chapter 4, we examine recent developments in the government of consumer credit, in particular, new forms which emphasise the individual's responsibility to reflexively govern themselves. This will involve a case-study of Fair Isaac Corporation and their development of an internet-based service that allows consumers to purchase their attributed credit score under a particular type of generic credit scoring system known as 'FICO' and helps guide consumer conduct in relation to their credit use.

In the last several years, consumers have increasingly become concerned with managing their own credit conduct in light of this FICO risk attribution, and credit scores more generally. Through an analysis of key documentary material, consumer advice leaflets and informational brochures, we will attempt to demonstrate how a technology deployed for governing a population in terms of risk has become reoriented as a technology for subjective self-government under conditions of uncertainty. Whereas the deployment of risk by lenders in credit scoring engenders a calculated probability of default for the management of financial losses, the adoption of risk as an identity by consumers induces them to pursue certain actions in using credit for the purposes of optimising their ongoing credit use. Risk in this sense allows the consumer to manage the uncertainty they experience in relation to future credit consumption, not by rendering it calculable, but by permitting them to contain it through the operation of a strict regimen of the self.

Following this, we will investigate how the opportunity for this form of self-government has been marketed as a commodity for the personal management of consumption uncertainty. To this end, we will draw upon an analysis of the publicity material and marketing campaign of Fair Isaac for its new suite of consumer focussed products as well as other related data sources including press releases and company magazine articles. It will be argued that consumers are persuaded to deploy these security commodities in order to manage prudentially the uncertainty related to their consumption choices and resources, pervasive uncertainties which are held to threaten the individual consumer's ability to sustain an ongoing ability to use credit. Yet, not only are consumers directed in certain specific ways to be responsible for their own consumer choices, they must also be responsible for ensuring their credit identities are free from errors and discrepancies intrinsic to the system itself.

The final section of this chapter examines in some detail the explosive growth of another uncertainty or 'risk' that the contemporary consumer is tasked with defending against – the phenomenon of 'identity theft'. In plotting its criminalisation by the state in law as well as the documenting of its supposed explosive growth across the United States, it is suggested here that the individual has become governed to prudentially manage themselves in light of this risk, a risk which is held to lie not only within the malevolence of other envious consumers but within the very dynamism of the consumer credit system itself. Through an analysis of educational documentation of the Federal Trade Commission, institutional lenders, consumer peer support groups, identity theft experts in media and self-help books, it will be argued that the individual is tasked with lowering their risk exposure to this crime by engaging in a prudent, self-conscious management of their personal information. Firms such as Fair Isaac also supply security commodities that allow consumers to track their credit score and analyse changes to their credit identities, permitting them a resolute line of defence against becoming a victim of this novel crime. By ensuring their credit identity remains free of the tribulation of identity theft, consumers may be assured of protecting and defending their consuming ambitions.

Yet, as I will tentatively argue, perhaps the 'risk' of identity theft, and its treatment and prevention, most clearly manifests not a new risk at large in the world or a heightened sensitivity towards it but the contemporary fears of a society emptied of collective political ambition and preoccupied about the fulfilment of individuated, marketed choice.

Notes

[1] See for example *Remarks by Chairman Alan Greenspan at the Economic Development Conference of the Greenlining Institute*, 11 October 1997, San Francisco CA

Chapter 1. From 'My Uncle' to Alfred Sloan: The Sociogenesis of Consumer Credit

In its political, economic and cultural domination of the world, sometimes we forget just how new an economic and political entity the United States is. Under the populist administration of Jefferson, the 1803 Louisiana Purchase from France vastly extended the borders of this fledgling nation, doubling its size and removing the French colonial presence on its western flank. New territory became open for settlement and access was realised to the Mississippi river greatly enhancing possibilities for transport and trade. With the end of hostilities between Great Britain and the defeat of Napoleon in Europe, the United States began a rapid process of expansion beyond the Frontier, forcibly moving Indian tribes and culminating in conflict with Mexico in 1846, which won control for the Republic over Oregon, California and Texas. Although a single political entity unthreatened by external nation-states, the United States did not represent a particularly unified one. The regional economic disparities between an industrialising, commercial North and an agrarian, slave labour-based South, reflected in opposed political interests, along with relatively underdeveloped chains of interdependence in trade and exchange and a relatively weak central state apparatus made for an unsteady centralisation over the monopolisation of the means of violence and taxation. The violent and peaceful agglomeration of territory within a federal, political administration represented by war and state accession treaties were offset by the centrifugal processes wherein states asserted their rights over the Republic's, the 'parliamentarization' of these competing political interests becoming sheared in the upsurge of violence of the Civil War of 1861 to 1865 as eleven states seceded from the Union.

Yet, crucially, the contestation of war was to play a crucial role in shaping and binding the form of the state and the domain of a national economy. The pragmatic need for an industrial power to transport troops and resources led to an enforced standardisation of track gauge within the emerging network of railroads straddling the country. This was consummated by the first transcontinental route under the Pacific Railroad Act 1863, the greatest commercial endeavour which had yet been attempted and financed, novelly, through private bond issuances (Stover, 1961). Later in 1883, the coordinating requirements of the national rail network and burgeoning commercial trade led to the harmonisation of time zones across the continent. With the first form of long-distance instantaneous communication that deconstructed the American continent's boundaries of time and space, the Pacific Telegraph Act 1860 coordinated virtually all competing telegraph companies in the construction of a cross-national telecommunications system for the administration of modern combat (Thompson, 1947). Meanwhile, the financial exigencies of fighting a protracted 'total' war mobilising the wider civilian population, industry and a centralised bureaucracy led to the enactment of the National Currency Act. This replaced local bank-issued notes that had been more or less backed by gold with the first homogenous circulated paper currency, the 'greenback', directed through nationally chartered banks and secured on the basis of government debt being incurred to finance the war (Trescott, 1963; Updike, 1985). In addition to the banks, the Treasury department also raised financing through the sale of bonds to small holders through a extensive, patriotically-infused professional sales campaign organised by financier Jay Cooke (Hall, 1982: 243-4). Thus in a large-scale war caused by the relative weakness and fractiousness of the state, the insufficient political, economic and logistical integration of a regional division of labour between agriculture and industry energised both the administrative organisation of the state, its capacity to exert a binding monopoly over the means and deployment of violence while integrating the continent through the spread of a centralised monetary regime and the extension and rationalisation of transport and communication. More subtly, the war also fused the United States' elite towards the possibilities of nationally-focussed organisation beyond their immediate hinterlands, embedding, more profoundly, a wider acceptance of the institution of the market (Hall, 1982).

The post-Civil War era also elevated the corporation as the pre-eminent mode of commercial organisation. Reserved initially within the capital-intensive transport sectors, the increasing scope of industry compelled more industries to adopt its formalised bureaucratic form as they expanded, necessitating external financing through stock offerings and nascent investment banks as opposed to individual private capital, thus increasingly differentiating the functions of ownership and professional management (Porter, 1973: 12-13). Out of this centralisation and concentration of capital emerged a new generation of capitalists in the expanding loci of industry including the likes of Cornelius Vanderbilt in railroads, John D. Rockerfeller in oil, Andrew Carnegie in steel and J.P. Morgan in banking; labelled less than affectionately as the 'robber barons', these Gilded Age tycoons assumed unparalleled personal wealth and immense, unprecedented economic power through competition and combination. With this new industrial revolution, the United States became increasingly urbanised, attracting an influx of migrant labour from its own rural areas as well as Europe to its metropolitan manufacturing centres. Before the Civil War, some 5 million new immigrants had entered the country in this 'first wave' rising to ten million in the 'second wave' between the end of the Civil War and 1890 (Jones, 1992: 153). While cities began to incorporate more and more outlying communities within their municipal borders, there was also a simultaneous outflow of the rich middle class to new developing suburban communities, away from the perceived vice and squalor of urban centres (Jackson, 1985).

This explosion of industrial activity was premised on the subordination of nature, the separation of human experience from land, and the triumphal creation of an autonomous nature by, and of, man. Under the conditions of urban life, wage labour and factory production, immigrants and internal migrants experienced an alienation from both traditional community structures and the symbiotic relationship of land and worker (Ewen, 1985; Ewen and Ewen, 1992). The extolling of a unifying ideal of 'Americanization' to harness these diverse peoples was premised on a fundamental change in how the individual was to think of themselves: gone was the careful husbandry of land to subsist a future, obliterated, to be replaced by the imposition of factory discipline, wage labour and money as the material lubricant of market life. This bracketing off of nature and the elevation of industrial progress was reflected in the dissolution of the home as the centre of production, relocated to new concentrations of factories and plants and its reconstitution as an arena of consumption through which individuals were to find meaning and fulfilment.

Within the United States, borrowing money and buying goods and services over time was an intrinsic part of agricultural and commercial life from colonial times; indeed as Calder (1999) points out, cash represented a relatively scarce resource in the 18th and early 19th centuries and much trade was secured on the basis of credit and barter. Yet within the context of an industrialising, increasingly urbanised but as Robert Wiebe (1967) terms it, an acutely 'distended' social context, new forms of personalised credit in the form of cash borrowing and new goods purchased in temporal increments increasingly began to implant and penetrate the consumption practices of the emerging working and middle classes. Yet, rather than charting an increasing 'indebtedness' or the cultural loss of a mythical puritan thrift brought about the onset of a rapacious 'consumer society', as so many sociologists seem content to report, this chapter sets out to explore the disparate genealogy of consumer credit from the 19th century until the present, in particular, its inextricable relationship to the development of consumption and how individuals, in different ways, have been understood as consumers of credit. A running theme throughout is the historically different ways that the shifting field of consumer credit was understood to be in need of 'government'. Drawing on Foucault's (1983, 1991) definition of government as 'the conduct of conduct', I attempt to elucidate how creditors have attempted to manage the financial uncertainty of repayment by consumers and how the state, regional or federal, has undertaken to regulate both lenders and consumers in order to promote wider objectives of stability and wellbeing. The concept of government, though, is not merely a synonym for 'control' or 'manipulation' but captures, at different levels, the relative autonomy of lenders and consumers to act within a field of possibilities but yet whose freedom to do so has been programmatically shaped and moulded in historically specific ways.

Fishing for Sharks: The Government of Small Loans in the Late 19th and Early 20th Century

Pawnbroking, or a Visit to 'My Uncle'

Within urban centres from the 17th century, pawnbrokers played a crucial role in providing the means of material survival for the working classes. In terms of its history, pawnbroking has a long lineage stretching back to medieval times where, despite Church hostility, Italian merchant families such as the Lombards supplied pawning services to sections of the aristocracy, often to finance military campaigns. From the 15th century onwards, charitable pawnshops known as *mons pietatis* were organised in northern Italy by a Franciscan religious order which lent sums of money at low interest to small artisans and struggling tradesmen, financed by church taxation, grants and donations – this form of lending later spreading in modified form to Germany, France and Belgium (Hudson, 1982: 25-7).

Within Britain, specialised pawnbroking to the masses was as Hudson remarks, 'a child of the industrial revolution'. Up to the latter half of the 17th century, pawnbroking had been indistinguishable from that of banker or goldsmith but with the rapid urbanisation of a new mercantile economy, it increasingly developed as a specialised enterprise servicing the labouring poor, providing a means for individuals to secure small sums of money by pledging a wide array of goods such as clothing, furniture and work tools. A series of acts from the middle of the 18th century regulated its operations, specifying compulsory registration of pawnshops and exemption from general usury limits, that is, maximum interest rates that could be charged. As Tebbutt details, with bare subsistence incomes and pronounced material insecurity, especially given the irregularity of employment, the pawnbroker (sardonically referred to as 'My Uncle') provided a critical means for 'bridging the gap' of survival, particularly in the wake of such buffeting events as illness, lay-off or bereavement (1983: 12-4). Given such small margins, these acute events often forced individuals into unending cycles of pledging and redemption as pay-days and rent-days came and went. Therefore, chronic poverty and material uncertainty made pawnshops an often integral part of working class habitus which conceived of goods purchased as potentially pawnable assets and consigned saving as an unconscionable luxury – 'insecurity of income and the physical conditions of life thus combined to produce a distinct outlook of which pawning was an integral part' (p. 19).

Within these conditions, pawnbroking endured much social opprobrium, its practitioners often associated with the practice of an immoral trade operating in direct contravention of puritan values of thrift while pledgers were labelled feckless and improvident, the inability to live within one's means bundled with other perceived working class habits such as drunkenness to illustrate the inherently flawed capacity of the poor to live up to the demands of self-restraint and reason, attributes set out under liberalism as the preconditions for freedom (c.f. Valverde, 1996). However, the characteristic mode of British liberalism never endorsed the charitable or municipal pawnshops, the *mons pietatis*, that were popular in many European countries for, despite the middle class's profound disdain for the act of pawning, it was held to at least compel self-reliance on the part of the borrower, accommodating individual weakness and mandating responsibility on the part of the improvident for the conditions within which they found themselves while ensuring that they would not become a burden upon the ratepayer (Tebbutt, 1983).

Within the United States, pawnbroking traces a history from the earliest colonial settlements but, as in Britain, its more widespread dissemination in the 19th century depended upon the development of densely populated urban centres that arose with industrialisation (Patterson, 1899: 256). Although, as we saw, recourse to the pawnshop was a product of the vicissitudes and marginality of industrial life, nevertheless as Patterson describes it, the cycle of pledging and redemption followed weekly patterns that mirrored the payment of wages and the periodic nature of household expenses, most importantly, rent. Monthly patterns reflected the often seasonal nature of employment and variable need for goods – for example, the warmer weather of the summer months led to an upsurge in the pledging of winter clothing to be redeemed later in the year (1899: 273-80). In the records of a famous New York pawnshop, Simpson's, for 1 April 1935, a whole panoply of items offered as pledges is recorded, from a silver and gold watch to a piece of cashmere, corsets, a telescope, even a lace (Simpson et al., 1954: 29).

The terms of pawnbroking were governed by a patchwork of state and municipal laws that varied in scope and intensity depending on the geographical concentration of urban areas, such disparate governance reflecting the fragmented, relatively un-integrated nature of the wider American state (Patterson, 1899; Levine, 1913; Raby, 1924). However, most of the state statues regulating pawnbroking provided for interest rates that were above individual state usury ceilings to permit legal pawnbroking but perceived sufficiently low so as to prevent the grievous exploitation of the borrower. Pawnbrokers too were free to levy additional fixed charges for 'inspection', 'insurance' and 'storage' which inflated the real interest rates paid by borrowers. Pawning was thus constituted as a distinctive type of borrowing which, despite the predominant cultural stigmatisation of personal indebtedness, was recognised legally as a necessary evil, the exercise of a form of individual self-reliance and forced providence by urban wage labourers. However, the problems that the disparate pawnbroking regulations of this early period attempted to counter were not only the condition of the pawner but the challenge posed to the law by theft facilitated by pawnbroking (Oeltjen, 1991: 68; Caskey, 1994: 20). Within America's enlarged cities, the growing flux and anonymity of social life was reflected in the concern that valuable and untraceable goods could so easily be converted into cash and sold on by the pawnbroker at public auction, providing a ready outlet for the proceeds of larceny, perhaps even with the complicity of the pawnbroker (Levine, 1913; Raby, 1924). The enforcement of licensing, registration and bonding of pawnbrokers was 'to afford some assurance that those who are permitted to conduct the business are persons of good character and responsibility and not likely to act in wilful collusion with thieves' (Raby, 1924: 5).

Figure 1.1 19th Century American Pawnbroker in Augusta, Georgia. Note the famous three balls above the canopy, the traditional moniker of the pawnbroking trade. Source: University of Miami, School of Education.

The specification of systematic ticket receipts for articles pledged sought to impose a traceability within the pledging transaction. Similarly, requirements that individual items pledged be registered with police authorities, sometimes even including a physical description of the pledger, existed as a means for producing a web of visibility by which individual municipalities and states could locate all pawn transactions in order to minimise broader threats to private property. Even the limitation of opening hours was seen as an effective means of ensuring that 'burglars or highwaymen who operate in the dead of night shall not have the opportunity to dispose of their loot as quickly as it is obtained' (Raby, 1924: 6). Both pledgers and pawnbrokers were thus viewed within a miasma of immorality and illegality, the regulation of which manifested a broader concern of the elites for the burgeoning social disorder that seemed to accompany the growth of America's industrial cities.

Chains of Lenders, Borrowers in Chains

Distinctive changes, though, were to take place in consumer lending between the 1870s and 1880s. According to Robinson and Nugent, advertisements began to appear in newspapers which offered money on furniture loans but 'without removal', creating a distinctively new form of lending based not on the physical pledge of goods but on the pledge of the good's legal title, a form of credit that became known as 'chattel lending'. 'By this time the pawnbroker seems to have been superseded entirely in the field of furniture loans by the chattel mortgage lender' (1935: 40). In the advertisements that Robinson and Nugent analysed, sums of money between two hundred and five hundred dollars were offered on the security of such items as furniture, pianos and diamonds, amounts that were almost certainly aimed at relatively affluent sections of the population. With the rise of chattel lending for significant sums, advertisements also increasingly emphasised confidentiality and discretion within the transaction now enabled by the more abstract nature of the lender's claim over the collateral. Increasingly, borrowing was becoming more feasible for the middle classes who were able to evade the logistical difficulty of transporting pledges, maintain the use within their homes of the goods with which they sought to relay their social status and assure themselves that their borrowing was auricular.

During the 1880s and 90s a more separate branch of lending developed, secured on the basis of wage assignment, that is, on a legal title to the future wages of the borrower, and quickly growing to become the most popular form of lending (Robinson and Nugent, 1935; Haller and Alviti, 1977; Shergold, 1978). Such 'salary lending' represented a further abstraction in the nature of the security of the loan, divorced from a specific good and relocated instead onto the future income flows of the borrower. With the spread of wage labour under industrial capitalism, personal lending became, for the first time, a direct corollary of the worker's sole major asset – intangible unearned future income – rather than a specific volume of tangible capital pledged as security. Initially, such lending depended on the lender being able to reliably identify the occupation and means of the borrower. In consequence, loans tended to be channelled towards city employees or the employees of firms whose payroll records the lender could illegally gain access through bribery. According to Haller and Alviti, borrowers from salary lenders were married, almost by definition steadily employed regular employees such as clerical civil servants, insurance clerks and railroad workers. Calder argues that, where pawnbrokers tended to concentrate on the lower end of the borrower market, working class individuals living a marginal existence, salary lenders serviced those sections of the middle class whose incomes did not quite match up to their middle class consuming ambitions (1999: 52). However, Haller and Alviti demonstrate that salary loans were sought for relatively exceptional circumstances that did not necessarily distinguish them from the pawnbroker, for example in addition to 'holiday' and 'Christmas money', loans were sought to finance a house move, to pay a rent advance or to finance medical treatment (1977: 128).

Borrowers were attracted through the use of advertising in daily newspapers and also, far more commonly, through the distribution of notices and handbills. Customers were also funnelled by friends and acquaintances offered commissions by lenders to direct trade towards them. Lenders themselves tended to locate their offices within city centres close to concentrated areas of employment, particularly the railroads, and near financial districts where they assumed officious sounding titles to impart a veneer of legitimacy to their operations. However, such offices were located very discretely in secluded, plainly furnished upstairs premises which, it is suggested, helped them avoid the attentions of law enforcement officials and provided for little in the way of lost capital if the office were raided and closed down.

With the shift towards more abstract forms of security in legal title, and even more so in terms of unearned future salary, the actions of the borrower became of increasing concern to the lender – as such, the focus on the value of the collateral by the lender was displaced by a heightened concern to more intensively govern the repayment actions of the individual borrower through the medium of time (see Robinson and Nugent, 1935; Nugent, 1941; Haller and Alviti, 1977; Shergold, 1978):

1. In advance, the individual filled out lengthy forms specifying personal information such as address, occupation, payday, relatives and neighbours, property and other credit obligations. As well as assessing this information for its accuracy themselves, the lender typically consulted with the payroll clerk at the borrower's employer to verify the individual's personal background and wage rate. The individual might also be required to furnish the names of two guarantors who would supposedly be responsible for the debt in the event of non-repayment.

2. During the course of repayment, the principal and interest outstanding might be amalgamated and re-payment sought in weekly or monthly amounts. More common though was the 'extension-plan' where the full-loan repayment fell due after a month but which could be rolled-over for a period of up to six months on payment of the interest portion of the loan. Both of these strategies closely governed the repayment actions of the borrower, but towards different ends. Whereas the former was aimed at allowing the individual to sequentially pay down the loan in a calculable way, the latter tended to keep the borrower in debt in such a manner that they would be obliged to pay interest as long as possible without making inroads into paying off the principal. The lender thus bound the borrower to their repayment obligation through fixing them to a particular physical and social location and locking the repayment schedule to the wages of the individual,

often contriving to 'farm' the client into an ongoing indebtedness that proved profitable to the lender.

3. Finally, in the aftermath of default, the creditor could formally apply to garnish, or legally appropriate a portion of the borrower's ongoing wages or, for a chattel loan, exercise their legal title over the security in the possession of the borrower and seek a court order to claim it. However, these were really options of last resort with less formal methods being preferred to coerce payment based on the social stigma of debt. Through this, lenders chasing late-payers would reveal in diverse, but increasingly less subtle ways, how the borrower had fallen behind in their payments. One of the more infamous means was the employment of a 'Bawlerout' by the lender, typically a female, who would openly and loudly castigate the borrowing family's reputation before the neighbourhood or at their place of work. Most damaging for the individual though, in the case of salary loans, was the threat of wage garnishment proceedings for 'the attitude of many employers contributed greatly to the security of the lender. Many employers took the attitude that an employee who borrowed on his salary must be a hapless spendthrift whose debt to the loan company was good evidence that he was an unreliable employee' (Robinson and Nugent, 1935: 70). In such an event, the borrower might quickly find himself out of a job.

The lender thus governed the timeliness of repayments less by formal legal mechanisms of contract than by the social stigma within which indebtedness was held, for both chattel and salary lenders essentially operated outside the law, charging interest rates that were in excess of that permissible under state usury ceilings of around 6% per year. With the former case, interest was charged at around 10% per month for amounts under fifty dollars, declining slightly for larger amounts. For salary lenders, around double the chattel rate was the norm. Repayment terms varied by lender and tended to be set on a flexible basis depending on the needs of the individual applicant; commonly, loans were agreed for the period of a month with the option to extend this term up to six months after which the loan could be repeatedly renewed on payment of an extra charge (Robinson and Nugent, 1935: 56-9).

Yet, in spite of the illegality of these activities, the business developed rapidly from the 1880s through relatively lax enforcement (Wassam, 1908: 41-2; Robinson and Nugent, 1935: 45-7; Nugent, 1941: 5-6). An increased pace and breadth of press advertising reflected the increasing concentration of lending in specific cities while a significant expansion in the scope of individual lenders occurred with the development of office-chains across the country. The first to follow this path was Frank J. Mackey, a chattel lender whose firm would later go on to be the mainstream Household Finance Corporation. However, more striking were the chains formed by salary lenders such as John Mulholland and the notorious Daniel H. Tolman, reflecting the scale of demand for this form of lending despite the higher interest rates it charged. Mulholland, from his beginnings in Kansas City, invested both the profits of his firm and the proceeds of a private stock issue to operate over one hundred offices nationwide. Similarly, Tolman extended his operations to sixty-three cities in both the United States and Canada, developing such innovations as the employment of women in his branches to defuse irate male customers. Later, in 1913, he was in fact imprisoned for usury by a New York court (Grant, 1992: 83-4).

Thus, as a commercial practice, chattel and salary lending of the late 19th century operated in an uncertain place between artifice and reality. Such lenders operated outside the law and yet conducted their business by way of legal form-filling and contracts through which the individual committed their property or earnings against the value of a loan, despite the fact that such an agreement should have proven impossible to enforce in the courts. They engaged in expensive print advertising, located in financial districts and proclaimed the size of their loan capital, and sometimes the scope and 'respectability' of their operations, but occupied the actual practice of lending in cramped dingy surrounds that might at any moment have been raided by the police. They were also one of the first exponents of the national chain-store method which would prove essential to the operation of consumer-oriented enterprises into the 20th century and yet such a method was essential for lenders to grow if they were to avoid un-wanted legal attention in any one location. Despite this expansion but given its dubious legal status, small loan lending remained a relatively un-capitalised industry; in other words, it was financed by individual lenders themselves through whatever capital they could personally raise between themselves, partners and acquaintances and through the ongoing generation of profits from invested lending activities rather than from an influx of conventional commercial capital (Robinson and Nugent, 1935: 62).

As American cities attracted increasing numbers of workers from the rural hinterlands and new immigrants from the Eastern and Southern European continent for manual labour (Jones, 1992) – industrial labourers who were cut off from the land and reliant on the continuity of their wages for survival – commercial small loan lending grew in its reach and scale of operations to service their needs, becoming increasingly commercially organised and profitable but yet outside the formal sanction of the law. It provided a resource for individuals that both filled specific needs and wants when income was inadequate but yet depended on the regularity and continuity of wages for repayment and profit. The fact that the industry was able to expand as it did suggests, significantly, both its necessity for urban workers as well as its capacity to produce a profitable investment through the effective temporal and bureaucratic regulation of these borrowers.

Tailing the Shark: Philanthropic Lending

During the first half of the 19th century, the spectre of the industrial poor presented a stark challenge to the problem of liberal government. Classical liberalism had conceived of the economy and wider civil society as natural domains where free subjects acted in their own interests and whose natural dynamism and impulse the state must carefully uphold and defend while simultaneously abstaining from an outright intervention that would denature them. In the work of Adam Smith and David Ricardo, poverty was conceived as a wellspring from which needs were realised, the limitless external counterpoint propelling the creation of wealth through the economy (Procacci, 1991). Yet poverty, fostered by those very economic processes on an industrial scale, had not only failed to disappear but had grown, becoming entrenched within the urban cores of Western societies, its presence contrasting with the growing wealth and refinement of a bourgeois elite, its proliferation suggestive of a wilful opposition and threat to its supremacy. As such, the idea of an ingrained, stubborn pauperism became articulated as a menace; an intensification of poverty beyond inequality, a quantitative lack of resources, to moralised qualitative difference – a difference standing in opposition to the maintenance of social order. Now it seemed, not only was labour insufficient to de-pauperise the population, the labour process itself was now seen to be threatening social disorder and mass demoralisation (Dean, 1991; Harrison, 1997). As Donzelot (1980) demonstrates, the problem for government was how it could actively resolve this problem of an entrenched pauperism without inflating the role of the liberal state to such an extent that it violated its self-imposed commandment to limit its own activities. Associated with this, there was also the problem of how to govern effectively the working classes which accumulated within cities, to infuse them with a sense of responsibility for their own condition, to nurture and foster them in a positive fashion.

One early mechanism of intervention, according to Donzelot, was philanthropy. This was pursued not merely as a simple private intervention within the problems of the poor but a deliberate strategy of charting a course between economic affairs and the delimited sphere of the state. In the United States, the final third of the 19th century saw the proliferation of the Charity Organisation Movement as a diffuse voluntary response by the middle class to the 'moral decay and social disintegration of the masses' (Boyer, 1978: 144). Although the problems of poverty were held to be endemic to character, it was felt that adherence to the habits of the puritan ethic – discipline, order, punctuality – could habituate the poor in positive ways (Ewen, 1985: 78). With the spread of small loan lending towards the end of the 19th century, recognition became accorded to the plight of the small borrower and the expense of borrowing. The problem was not that such individuals were not outside the labour process; on the contrary, borrowing, by definition, was dependent on the ability of workers both to earn and freely dispose of their wages (Nugent, 1941). The specific problem, as it became articulated, was that workers had become dependent upon the chattel or salary lender; that in response to certain pressures they had temporarily borrowed money but, in doing so, had become systematically trapped in a cycle of indebtedness, servicing ever greater interest payments without being able to repay the original amount. It was from such a position of lost independence that they sank ever more fully into poverty (Wassam, 1908: 11-13; Ham, 1909: 10-11).

To combat this emergent problem, charitable efforts were marshalled, generally by local religious groups through fund-raising efforts, which lent on the basis of nominal or no interest. However, these enterprises were unstable, requiring frequent fundraising to supply capital and the sustained efforts of the 'benevolently inclined' to keep them going (Robinson and Nugent, 1935; Shergold, 1978). More profound, though, to the government of small loan lending were the philanthropic 'Remedial Loan Societies' which were set up in various cities across the United States from 1859, the most famous of which was the Provident Loan Society of New York (Patterson, 1899; Nugent, 1932). The Provident was opened in New York in 1894 by banker James Speyer who attempted to import the idea of municipal pawnshops, the *mons pietatis*, he had seen at work in Europe. It was operated by a voluntary board of trustees which oversaw all the terms of the Provident's operation and attracted the membership and funding of America's economic elite, including the likes of J.P. Morgan, Gustav H. Schwab and Cornelius Vanderbilt. However, what distinguished the Provident was the commercial nature of its philanthropically-intended investment, organised as it was through tradable bonds and instruments known as Certificates of Contribution which, at the discretion of the board, were interest-bearing up to a defined limit. Its lending form was that of a pawnbroker, offering cash in exchange for pledges of goods of variable sizes but at interest rates which were significantly below those charged by conventional, small loan rivals.

Figure 1.2 Specimen $500 Gold Bond issued by the Provident Loan Society of New York, 1901. The bond was literally payable in gold. Source: Scripophily Certificate and Bond Traders.

The Provident along with other remedial organisations which established themselves across the country in the latter half of the 19th century, lending relatively small sums on the basis of pledges and chattel loans, represent a philanthropic strategy that articulated for the first time the problem of small loan lending as a distinctly social problem in need of remedy. Its mushrooming growth indicated that individual state responses of repression through unfeasibly low usury ceilings which limited the interest which could be charged, were ineffective while its spread and intensification demonstrated its need among working class and some middle class households to survive the exigencies of an industrial urban life beset by the unforeseen and the unexpected, whether illness, eviction or lay-off. As the century drew to a close, indebtedness to the small loan lender was now seen less as a matter of personal character failing on the part of the supposedly autonomous borrower than as a complex symptom or product of the social environment within which they were located (c.f. Boyer, 1978: 198-9). Small loan lenders, though, were increasingly characterised as 'loan sharks' who encapsulated this distorted environment, ensnaring and entrapping individuals faced with legitimate financial emergency into a degraded and destructive state of indebtedness, often with the connivance of corrupt police, courts, municipal public servants and payroll employees:

> How can men be so reckless as to borrow from these agencies that are everywhere known as sharks, leeches and remorseless extortioners? It is clear that these concerns cater to a need that is in some part real and unavoidable, that the majority of borrowers have been overtaken by sudden emergencies which under their standard of living cannot be met out of income. To such, an easy and quick means of relief seems acceptable at any price, especially if no other and more reasonable source of assistance is at hand (Ham, 1914: 1).

As such, small loan borrowers were seen as being vulnerable rather than culpable, the victims of their own material deprivation, perhaps also their 'short-sightedness' and 'gullibility' (Nugent, 1941: 3), or their unwarranted 'improvidence and extravagance' (Ham, 1911 cited in Calder, 1999: 129) that, in turn, made them ripe for exploitation in the rapacious lending practices of the sharks.

The Provident and its kind represented a bourgeois response to the material difficulties of poverty, tracing an independent line between both the perceived natural workings of the market and the administrative ambit of individual states. Although it invoked private capital and even potentially offered a financial return on investment, the latter was of secondary importance, for both the investor and board, to the primary goal of maximising the number of small loans it could offer. At the same time, commercial capital and a relatively formal organisational structure allowed it to be a sustainable enterprise, to continue to act in a predictable and calculable fashion for its philanthropic purposes without serving as a drain upon the pocketbooks of its wealthy benefactors. Commercial capital also allowed the Provident and others attain scale which would make it possible for them to provide effective competition to other small loan lenders.

On the other side of the liberal coin, remedial lending existed outside the ambit of state authorities, both in terms of its financing and administrative organisation. Indeed, the only action required of individual states was that they pass whatever requisite 'enabling' legislation was required to permit such organisations to exist (Robinson and Nugent, 1935: 83). In many ways, small loan lending served perfectly the philanthropic ideal of promoting autonomy within the population towards which it was targeted; those whom were to be helped were not being made subject to charity or handouts and thus would not be fostered into a condition of ongoing dependence inimical to liberalism. On the contrary, the act of borrowing would help them to sustain their own independence, allowing them to meet demands upon their resources through the mortgaging of their future wages upon which they would pay a 'fair' rate of interest. However, remedial lenders were by their nature paternalistic, concerned not only with supplying funds on the basis of what was thought to be a reasonable price but, as Ham relates, with a specific regard as to whether the loan would be a 'good thing' for the borrower (1909: 37). The remedial institution also offered the possibility of re-moralising the individual borrower by encouraging them to become savers, inculcating the ethic of thrift to preserve them from future indebtedness and promote their autonomy (see Donzelot, 1980):

> Among the many services rendered the public by The Economy [a remedial lender based in Cleveland, Ohio] is its Savings Department, in which 5% is paid on certificates of deposit. The borrower is encouraged to form the savings habit, and many of our depositors are those who were once

borrowers, a fact that emphasizes the perfect understanding existing between The Economy and its patrons (Ham, 1914: 3).

In terms of a response to the perceived 'small shark evil', remedial lending can be seen as an attempt to counter existing lenders by targeting the same elements of the population, paralleling their operations and imitating their mechanisms but under a philanthropic spirit which sought to relieve the difficulties of the poor for what was held to be their best interests and the interests of the common good rather than exploiting them for profit. It sought to eradicate, or at least limit the problem, by means of the market, charging a sustainable rate of interest sufficiently below that inflicted by the 'sharks' in order to competitively drive them out of business. This strategy aimed to rid urban centres of a debilitating institutional menace that corrupted the wider social environment, substituting in its place a benevolent, enlightened alternative that would properly assist the needy and steer them back to a state of financial self-reliance and moral propriety. The market though was not the end but the means, not an autonomous domain for the realisation of profit and the reproduction of capital but a technically expedient mechanism invoked to alleviate this newly distinctive social danger.

Taming the Shark: Expertise, the State and the Small Loan Laws

By the turn of the century, the small loan issue became increasingly subject to philanthropic interest. In 1907, the Russell Sage Foundation was founded with the express purpose of improving the 'social and living conditions' of American citizens; towards these ends it engaged researchers of the nascent social sciences in the professional study of those conditions through which it hoped to direct its ameliorative efforts. Among its early targets included low-income housing, urban planning, social work and labour reform but it was in the arena of small lending that it established its early reputation (Glenn et al., 1947; Anderson, 2005). It enlisted two graduate students of Columbia University who carried out research on the issue of consumer borrowing – Clarence Wassam (1908) on the salary-lending business and Arthur Ham (1909) on the chattel loan business.

The employment of two research fellows suggests a new departure in systematic philanthropic intervention centred on the importance of expertise in the production of knowledge about, and articulation of, social problems. Expertise, according to Miller and Rose, represents the 'social authority ascribed to particular agents and forms of judgement on the basis of their claims to possess specialized truths and rare powers' (1990: 2). As such, it helps square the circle of liberalism, of the need to regulate without unduly interfering within those areas that the state sought to govern through exercising a monopoly over a specific area of knowledge with which the state could act through, and in concert with, to achieve its aims. In relation to the issue of small loan lending, the deployment of a social scientific expertise by the Russell Sage organisation helped rationalise and augment their influence over the phenomenon, to constitute it through the fieldwork of Ham and Wassam as a 'real' social problem with empirically discernable effects and subjectable to dispassionate scientific consideration with which to inform a calculated intervention. The relatively closed and rarefied nature of such knowledge could thus ordain their articulated strategies special significance and legitimacy with regard to the problem.

In the wake of the publication of his research, Ham became engaged in what were termed the 'campaigns' or 'crusades' against the 'loan sharks': giving speeches, writing newspaper columns and even composing a filmed screenplay which impassionedly cited the illegal practices of the industry; petitioning papers not to carry such advertising; offering advice and legal referral to victims who wrote to him as well as attempting to persuade employers not to accept the garnishment of a defaulter's wages (Glenn et al., 1947; Carruthers et al., 2005: 5-6). Such a campaign seems to have had much in common with the morally charged temperance and sexual purity campaigns which, as Hunt (1999) demonstrates, became more prolific within American cities after the Civil War. In particular, both attracted the favourable attentions and funding of the capitalist elite while on a pejorative level, the association of urban problems like prostitution with disease and plague resonated with the small lender's moniker as a shark infesting urban waters, primordially attracted to the blood seeping from the wounds of the indigent. Just as with the seediness of the saloon and the lasciviousness of the prostitute, the loan shark's perceived role as irresistible seducer and preying, vicious atavistic menace embodied the seeming fluidity, disorder and danger that the established but insecure middle classes felt towards urban life in the closing decade of the 19th century (c.f. Hunt, 1999: 128). The response of such campaigns were therefore 'urgent expressions of the self-assertion of upper and middle classes, who both feared the consequences of rampant urbanism and yet were committed to accelerated economic development which caused precisely the social problems that they feared' (p. 131).

However, as Arthur Ham accepted, campaigning alone would be insufficient to combat the problem of loan-sharking given how expansive and ingrained it had become (1909: 8). To understand why, the small loan lending problem has to be set within the context of the Progressive movement within the United States. Progressivism was a contradictory endeavour, lacking any fixed coherence or sense of purpose as a political movement (Filene, 1970). Yet, as historians have argued, it is more apt, rather, to conceive of it as a disparate shifting alliance of middle class reformers and moral campaigners which gathered force through the 1900s. They did not view urban space or capitalism itself as being inherently negative; what motivated their challenge to rethinking the purposes of government was the sheer scale and scope of change wrought by the Gilded Age with its extensive industrialisation and urbanisation: the destruction of competition and the excessive centralisation of economic power and wealth within the hands of the industrial plutocrats; the misery of labour and urban living conditions; the open conflict and bloody suppression provoked by unionised labour in the Pullman, Haymarket and Homestead strikes of the 1880s and 90s; the political and cultural upheaval produced by a 'third wave' of new immigrants from Eastern and Southern Europe; and the corruption of the polity by the party machine, commercial monopoly 'interests' and city boss garnering the votes of immigrant waves in exchange for the granting of favours (Hofstadter, 1955; Wiebe, 1967; Buenker, 1977; Boyer, 1978; Chambers, 1980; Jones, 1992; Foote, 2003).

Within its rhetoric of attacking economic and political 'interests', the solution that Progressivism embodied was the extension of technologies of administrative control through the paradigm of 'organisation' which could both ensure collective fairness while preserving the essential aspect of individual and market freedom (Hofstadter, 1955; Hamilton and Sutton, 1989). In one of the most enduringly successful initiatives from the era, state legislatures, increasingly displacing the courts in the moulding of law, overlaid the antagonism of employer worker liability claims with the enactment of the first risk-based workman's compensation schemes that provided automatic compensation to workers for work-related accidents (Lubove, 1967; Weinstein, 1967; see also Defert, 1991).

Similarly, the creation of diverse organisations from voluntary settlement houses, the National Consumers League to new federal regulatory agencies such as the Federal Trade Commission were aimed at conciliation and rational planning between individuals and enterprises without recourse to heavy-handed state intervention; as Hamilton and Sutton remark, 'their task was to be administrative in nature rather than law making and law enforcing: they were to maintain the "natural" social order of society' (1989: 32). Intrinsic, too, to Progressivism was science and the formation of enclosed boundaries of expertise devoted to selfless service, objectivity and efficiency (Burnham, 1977: 20), which were both applied to and elaborated within the 'social' problems being encountered – science provided a rational claim to truth, a privileged objective knowledge that stood above the claims and contestation of politics but instead could be applied by its elitist promulgators to the non-partisan resolution of urban labour problems (O'Connor, 2001: 25-6). However, the new social science that gathered momentum rejected the old voluntarism of independent autonomous actors and embraced systems of explanation rooted in diverse, contradictory modes of explanation such as heredity, environment, culture, stimulus-response, and the subconscious, explanations unified by the fact that they 'seldom located causation close to the surface of events or in the conscious, willing minds of individuals' (Haskell, 2000: 251).

The moralising campaigns against urban vices such as prostitution or drinking were not opposed to a sober, rational Progressivism but were actually a significant dimension of its wider reforming impulse (Boyer, 1978; Chambers, 1980). All Progressive reforms, as such, were moral if not implicitly religious in intent, connecting the unbearable labouring and living conditions of the working masses with the proliferation of drunkenness and urban vice. Similarly, anti-saloon and anti-prostitution organisations came to increasingly rely on the objectivity-claiming instruments of statistics and sociological study to ground their cause and formulate their strategic purpose. It was within this framework that the Russell Sage studies, although committed to philanthropic remedial lending and the 'crusades' to drive out the 'sharks', recognised that:

1. Demand for small loans was extensive but which existing legal lending institutions could or would not satisfy, in the process, creating a large black market of illegal lenders.
2. Small loan lending was profitable, could still be profitable at rates significantly lower than those charged among illegal lenders but was simply not feasible at the usury limits of most states. While usury ceilings permitted relatively large scale commercial and business lending for large sums to be profitable, the labour and operational costs associated with the loan of small amounts made such lending prohibitively costly.
3. Usury ceilings were easily evadable and, iatrogenically, not only did not keep down costs for small borrowers but harmed them by contributing to higher interest rates within the black market.
4. Most crucially, not only were more remedial lenders required but legislation was needed to permit a profit-making small loan business industry to be established.

(see Robinson and Nugent, 1935: 87-8)

As Glenn et al.'s retrospective analysis attests:

> It was clear that the small loan business was an essential element in our financial machinery, to meet the needs of the large part of the population who could not give the kinds of security required by banks. Limited-dividend companies could never be numerous enough, or large enough, to fill the demand. If the commercial business could be regulated and purged of its abuses, it would meet a genuine social need and would become a respected part of the modern economy (1948: 142).

According to Burnham (1977), one of the features that distinguished late 19th century reforms from their Progressive incarnations was the rather sudden shift from 'negative' reportage to 'positive' conceptualisation. Rather than merely criticising institutional interests or exposing the misery of poverty, the new mindset of the Progressives sought to imagine and conceive of an ameliorated future. Therefore although Arthur Ham and the Russell Sage organisation were intimately involved in remedial lending, it was felt ultimately to be failing in its purpose to drive the loan sharks out of business and philanthropically prop up the desperate borrower; in a strategic shift, their attention thus turned to the politicisation of the small loan problem, not to eliminate and supplant the sharks, but to calculably control the legal conditions under which they acted in order to tame them and thus widen the possibility of paternalistic protection of borrowers. Not legal repression or philanthropy but only the careful organisation of the 'economic' was held to be sufficient to solve this now manifestly 'social' problem (Neifeld, 1941).

Given the highly decentralised and divided structure of the United States political and legal administration, usury limits nominally limiting small loan lending were enshrined in law by individual states and so would have to be amended on an individual basis. As Carruthers et al. (2005) demonstrate, the wider problem of a lack of legal harmonisation between states began to be tackled from the late 1880s when the National Conference of Commissioners on Uniform State Laws, an organisation composed of practicing professional lawyers, advocated legislative templates or 'model laws' for enactment by individual states to promote inter-state trade and commerce. Later, this organising endeavour was one of the main forces behind the setting up of the short-lived National Bar Association in 1888 (Brockman, 1966). Within this vein, Ham began to formulate the basic features of a model law which states could draw upon in legislating for small loan lending (Nugent, 1933; Robinson and Nugent, 1935; Anderson, 2005, Carruthers et al, 2005). Its general terms were that a lender could charge a maximum interest rate of 2-3% per month which Ham 'scientifically' determined, through the laboratory of a remedial lender, to be the optimum interest rate for small loan lending (as opposed to the typical 6% per year that most states recorded), but to do so they would have to be licensed, to submit a bond, be subject to legal supervision by a state regulator and would be prohibited from charging any additional fees or charges to clients to surreptitiously inflate the mandated interest rate. In addition, it detailed specific penalties to deter legal breaches by those registered. Following some legislative action by states from 1911 on the small loan question, New Jersey enacted the Egan Act in 1914, for the first time incorporating all the provisions sought by Ham.

With the ongoing highlighting of loan sharking within American cities, constituted as a social problem through the campaigns and philanthropic endeavours, states began to respond within a rationality of Progressive liberalism through the mechanism of law in a way that did not seek to interfere within the economy nor undermine the autonomy of the family but which would ensure the security of both within a collective framework. However, it did not do so independently but, as Rose (1993) predicts, in a manner which accorded expertise a vital new role for in passing the Egan Act, the New Jersey legislature specifically sought the advice and assistance of Ham and Russell Sage in the drafting of the legislation (Robinson and Nugent, 1935: 103). Based on their reputation, their accumulated knowledge, their documented analysis and social scientific credentials, the employment of Ham and his Russell Sage division by state authorities produced an alliance whereby the former could realise their ambitions of combating the loan shark problem through the liberalising usury ceilings while the latter could intervene to secure the common welfare, aiding sizeable elements of the working classes entrenched in expensive debt, thereby diffusing a political threat through social amelioration while justifying such intervention of the basis of having an access to 'truth'.

Lenders generally opposed regulatory efforts and in 1916 formed themselves into a national organisation to do so – the American Association of Small Loan Brokers (AASLB). Crucially though, such opposition was grounded on the basis of the allowable maximum interest rates they could charge, not by questioning the oversight principle of regulation itself. Only the smallest, highest charging lenders rejected any move towards regulation (Calder, 1999: 133). Later that year, the shift in the mode of government from the loan shark 'crusade' to small loan regulation climaxed in the compromise of a maximum chargeable interest rate between Russell Sage and the AASLB and their alliance to formulate a Uniform Small Loan Law (USLL) and advocate for its state-by-state enactment.

This Progressive shift towards legislative change signalled a significant shift in how the small loan problem was to be regulated. The relative failure of remedial lending demonstrated that attempting to repel the loan shark by philanthropic measures had failed just as certainly as repression of borrowing through usury limits had. Now reformers acted through rather than against lenders, replacing a strategy of supplanting from without with one of acting upon from within. In creating an exception to usury ceilings for personal loans, the loan shark could potentially become legitimised, the menace eradicated not by eliminating it but by turning it into something else: a tolerable, even necessary enterprise. The progressive-era liberal state thus acted on the basis of collective intent by recalibrating the legislative margins, transforming the small loan from a social problem into a private transaction within the economy which, newly freed, would be subject to that arena's autonomous laws of competition, accumulation and rational self-interest. Such intervention also acted upon the freedom of individuals and families themselves; in legalising higher rates to promote competition, capital influx and thus, ostensibly, lower rates for the borrower, the state sought to advance the self-sufficiency of individuals and promote family autonomy in borrowing decisions by freeing them from the repressiveness of 'usurious' interest. Now, rather than seeking to act upon the conduct of borrowers directly through the institution of remedial lending, they would be acted upon more obliquely and more lightly but with far greater effectiveness through the government of how small loan lenders governed them. To some extent, then, the state recognised the self-governing capacities of workers, not only that they needed to borrow but that they could exhibit the stability and capacity to enter into their own contracts with lenders as legal subjects, plotting their own decisions of how much to borrow and how to structure their repayments.

Yet the state did not trust to simply hand over the problem to the economy for once enshrined as a social problem in need of state intervention, it could not simply be disengaged. The state came to govern small lending 'from a distance' through the expertise of Russell Sage, basing its intervention on their claim to objectively know how this could best be done. The enactment of the Uniform Small Loan Laws as well as legitimising lenders, simultaneously created a system for governing them: as Rose and Miller state, 'imposing a regime of licensure ... empowers certain bodies to regulate those who seek to act in a certain professional capacity, both legitimating and regulating at the same time' (1992: 190). It raised such credit forms from the margins and the darkness where it had been crudely consigned by law but where it had bred and multiplied in new urban conditions, both reflecting and embodying the flux and turmoil of industrialisation, and coaxed it into the light of legality where its growth and development could be dispassionately assessed and accounted for. Individual states licensed lenders through oversight departments or officials, whether dedicated or part of a wider financial regulatory apparatus, licensing fees even disbursing the cost back onto lenders themselves. The specification of systematic record keeping along with the requirement for regular auditing thus constituted the supervisory office as a calculating centre which could penetrate, tabulate and analyse such lending while simultaneously providing for legal enforcement. Maximum loan amounts and 'scientifically fair' interest limits defined the boundaries of what could and could not be charged, financial bonds helped secure the lender's adherence to the terms of the legislation, while the practice of wage assignments was carefully specified with the requirement of notification to employer and wife. Ultimately, punitive fines and penalties enforced the state's will.

This new regime, though, represented not merely the government of lenders but of lending itself, and thus of borrowers as participants. The terms of the law carefully inscribed how borrowing was to be undertaken by the individual – they would not be free simply to contract at any rate of interest for any amount, nor could they dispose of their wages as they saw fit outside of the domain of the family or the employment contract. Their transaction, no longer anonymous, would be itemised with all others, agglomerated and channelled to the requisite authorities for review where its economic significance would be accounted for and future policy adjusted accordingly. The gradual institution of the Uniform Small Loan Law by states thus freed defined forms of personal borrowing and lending but simultaneously crafted a channel that continuously shaped and moulded the course that such transactions could take in the interests of a wider social harmony.

Consuming by Instalments

The Will to Consume: The Rise of Retail Instalment Lending

The selling of goods on time payments, or on the 'instalment plan', demonstrates a different genealogy within the 19th century to that of cash lending. In fact, as Lynn argues, the originator of instalment lending was actually the American state itself through the Harrison Act of 1800 which sold off vast tracts of public land to farmers in exchange for a twenty-five percent down payment with the rest falling due in three increments up to four years after the sale (1957: 415). More germanely, the first cooperative Building and Loan association set up in Philadelphia in 1831 to aid families of relatively modest means to afford their own homes pioneered the concept of the self-amortizing 'sinking-loan fund', that is, a loan paid-off by a borrower in multiple payments including fees over a fixed time span (Jackson, 1985: 130). Within rural America, as Lynn demonstrates, the sale of new motorised farm equipment such as threshers and reapers on instalments began to be advertised in farming periodicals from around the 1850s, heralding a labour saving, productivity enhancing industrial revolution on the farm.

It is generally held that instalment selling of consumer goods within the United States began in 1807 with the large New York furniture firm of Cowperthwait and Sons, spreading to rival firms and other cities to form what has been termed a 'high grade' instalment business around mid-century, focussed mainly on prosperous wage and salary earners and a small clientele of small businessmen (Mussey, 1903; Seligman, 1927; Nugent, 1939). In addition to furniture, sales of piano also became mediated through the mechanism of the instalment contract around the 1850s. The purchase of a piano, at the time costing around $1000, represented a particularly sizeable investment and was aimed at more affluent families. As Seligman notes, terms were stricter with a one-third down payment required with the rest payable in relatively large monthly instalments over two or three years.

Seligman contends that such credit opened up a consuming space in between those who could afford such purchases outright and so had no necessity for credit and those that were excluded and so had no recourse to it. The latter, whose latent danger was manifested by such symptoms as their class, race and residential neighbourhood were regarded as being unreliable, not simply because of their meagre resources but, more fundamentally, because they were 'financially irresponsible' (1927: 15). The working classes were thus regarded as being unable to fulfil the terms of their credit contract because of a strongly moralistic understanding of their 'character'. If liberalism depends upon the self-governing capacities of individuals to manage their freedom, to exert a 'self-despotism' over their own actions, desires and wants as Valverde (1996) terms it, such capacities were not equally present or instilled across the population but were conceived to be naturalised along class, race and gender divides, lacking among those that were marginal political subjects (1997: 262). Just as differences in 19th century inebriety treatment programmes that Valverde (1997, 1998) discusses embodied and entrenched assumptions of differential liberal subjectivity, so too did instalment merchants approach borrowers on the basis of how such individuals were understood to govern themselves.

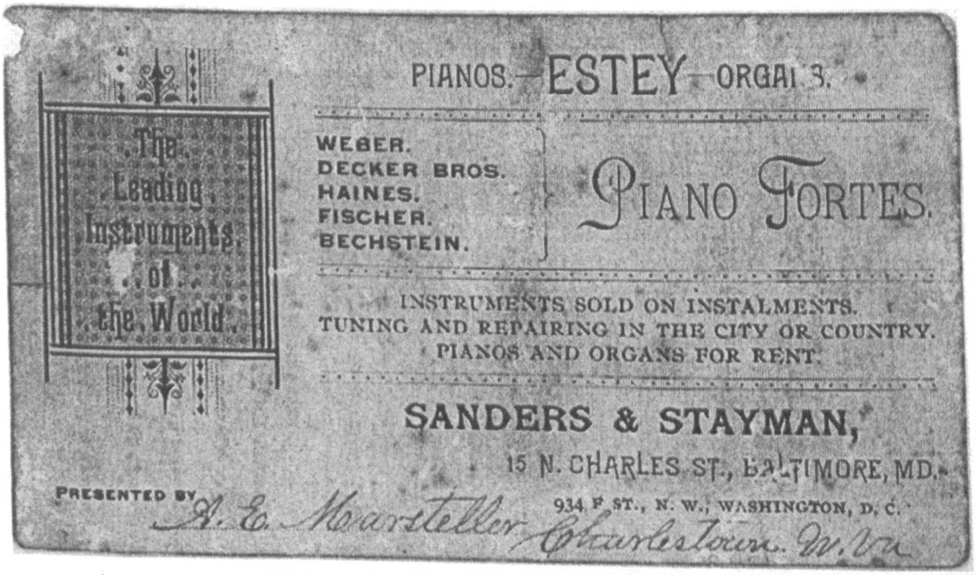


Figure 1.3 19th Century Handbill for a Baltimore Piano Dealer, Sanders & Stayman. Note the clearly displayed option for instalment payments. Source: John W. Hartman Center for Sales, Advertising and Marketing History.

As profit-oriented businessmen, high-grade furniture sellers recognised the facility that credit could offer toward expanding their sales, allowing certain classes who would otherwise be unable to purchase their wares, to do so. To these ends, the concept of character provided a means to mediate the potential for loss due to non-repayment by distinguishing those who were sufficiently 'self-despotic' to control and rationally manage their freedom from those who were seen to be unable to keep to contractual repayment terms agreed because of an innate ill-potentiality to govern their 'nature'. For Seligman, 'owing to the great care in the selection of the purchasers, losses from dishonesty are comparatively uncommon, the default being generally due to unforeseen contingencies' (1927: 15-6, see also Mussey, 1903: 13). So even when non-repayment did occur, it was interpreted as being not as a result of an inability to self-rule but rather, simply as a result of unfortunate circumstances that could not be directly attributed to the moral qualities of the individual. The treatment of such high-grade customers was 'exceedingly liberal' and even in the event of default, as both Mussey and Seligman suggest, such retailers were loathe to foreclose on the goods, refraining from doing so only after the possibility of repayment seemed lost and often only repossessing furniture to the value of the portion of credit outstanding. Even allowing for these authors' possibly sanguine analyses, such a credit agreement appeared more as a gentleman's agreement relying on and assuming a moral fortitude and resolve on the part of customers rather than a contract providing recourse to a coercive legal remedy. Instalment credit was not conceived as a form of borrowing and thus was not subject to statutory usury restrictions; rather, it was adjudged through a succession of court judgements as a form of deferred payment that was contractually agreed to by the parties concerned (Berger, 1935).

In contrast to the state's inhibition of personal borrowing through the mechanism of law, instalment buying existed legally as a private accommodation that lay outside the scope of detailed regulation, an economic transaction marshalled solely by means of will of the parties concerned. Although dismissed as a convenient legal fiction by Berger (see also Crowther, 1971), such a genealogy reveals the differential understanding that underlay instalment buying. In contrast to pawning or cash borrowing, it was not a morally charged practice of desperation, dependence or profligacy at work among lower elements of the population which a liberal state had a duty to regulate for the collective good; rather, it was a self-governing contractual agreement freely entered into by middle class participants which a liberal state had no warrant to interfere within.

However, the freedom of the purchaser-borrower was not something that was merely taken for granted but, rather, represented an aspect that was actively constituted within the context of the transaction. As Nugent (1939) suggests, this type of credit differed from the kinds of 'open-book' credit that had gone before where customers accumulated an account which they paid off in periodic intervals. In contrast, instalment credit was a formal agreement for the purchase of a single item under which the seller maintained legal title to the good until the final payment. Although the item being sold represented a significant purchase, the length of the agreement mandated relatively small payments over a period of up to eighteen months. In addition, a minimum 10% cash deposit was required in advance (1939: 54-5). Therefore, although a certain strata of the middle class were deemed sufficiently self-governing to be 'trusted' with 'high-grade' credit, the actions of such a borrower were enmeshed within a structured framework of external constraints regulating the exercise of their free conduct. A deposit required that a certain sum be accumulated in advance and be put towards the purchase cost. The individual's payments were set out and agreed in advance conditioned by a strict timing regimen that would mandate when the borrower was to pay and how much. The payments themselves were sufficiently small to ensure that they did not prove onerous and thus endanger the agreement but yet were balanced against a bounded contractual period that was short enough to prevent distraction of the borrower's responsibilities and the excessive locking-up of the seller's working capital. Finally, through the legal mechanism of the conditional sales contract, the seller maintained ownership over the good until the end and could, whether or not reluctantly, exert this right at any stage that the borrower failed to adhere to what was required of him. The free self-governing liberal subject defined by the successful pursuit of 'self-despotism' was a precondition for the emerging 'reputable' instalment sellers of the mid 19th century but alone it was insufficient; it was to be accompanied by an intersecting system of 'external despotism' that, once sanctioned by the signing of a contract, would brace the will of the subject with a required upfront prepayment, the enforced habitual routine of instalment payments and the grim threat of repossession.

The 'high grade' forms of instalment credit that developed from the 1850s thus facilitated certain lower sections of the middle class to attain those goods that were among the inventory of the social strata that it aspired to belong to and which it was, more broadly, coming to help constitute. Such forms of consumption, however, were not experienced as a distinguishing of oneself but, rather, as an attempt to live up to the expected standard of decency of the class with which one identified. If, as Veblen ([1899] 1925) famously attested, the 'conspicuous consumption' of such goods was an abstract communicable expression of economic resources that the middle class commanded, then credit allowed such resources not so much to be circumvented within the desire to attain social status as bridged over time; for this emergent stratum, the pecuniary strength that goods reflected was secured not on the basis of a stock of capital that was possessed in the present but on an ongoing flow of salary and wages.

This interlinks with Bauman's (1988) argument that with the industrial centralisation of capital, the possibility of individual freedom – which he sees as a relational expression of power – is displaced from economic rivalry for capital to the competitive pursuit of goods whose use-value becomes more overlaid by a communicable symbolic value. Particularly in the case of these early furniture and piano retailers, the extent to which credit was offered was strictly limited – at this time, not every wage earner but only individuals who demonstrated themselves to be of requisite character, capable of exerting the close self-discipline required of freedom, could gain admittance to the status expressing goods available within the market. Thus, the mid-century beginnings of formalised systems of credit for relatively expensive household goods therefore reflect the shift of capital under American industrialisation, with certain forms of consumption becoming bound up in both affirming and constituting new emergent strains of middle class salaried employee, dependent upon but also defining the expression of freedom.

Sewing it Together: Women and Credit

At the turn of the 19th century, most clothing was either produced within the home or custom tailored for the very rich; indeed the only areas in which clothing was mass produced was for black slaves, sailors and later, mobile labour forces of prospectors and lumberjacks. Only with the onset of the Civil War and the need to uniformly clothe a mass army in a diversity of sizings did a systematised mass production begin to become established (Boorstin, 1973; Ewen and Ewen, 1992). The invention of the sewing machine, developed separately by three competing firms in the 1850s who to avoid inter-company patent infringement suits formed themselves into the grandly-titled Sewing Machine Combination, was initially aimed at tailors and seamstresses. However, with innovations in design and cheaper production techniques, machines became aimed at the domestic market from 1856 onwards; that is, the home production of the family's clothing by the wife. As Andrew Jack remarks, the sewing machine perhaps represents one of the vanguard instruments of a developing consumerism in its function as one of the first industrially produced domestic appliances, one of the first to be sold on credit and, also, through a franchised system of distribution (1957: 113).

Despite progressive declines in price, the cost of a standard machine at $125 was still a large outlay of around a quarter of an average family income in the 1860s, and presented a significant stumbling block to market expansion (Brandon 1977: 116). The solution, as Singer's mercurial partner Edward Clark proposed, was a form deferred payment:

> Why not rent a sewing machine to the housewife and apply the rental fee to the purchase price of the machine? ... Her husband cannot accuse her of running him into debt since he is merely hiring or renting the machine and under no obligation to buy. Yet at the end of the period of the lease, he will own a sewing machine for the money (cited in Brandon, 1977: 117).

Developing this strategy, the Singer Company pioneered instalment sales through company showrooms and the employment of agents, tripling its sales in one year through offering down payments of $5 and monthly instalments of between $3 and $5.

As illustrated by Clark's quote, the development of instalment credit around the mass marketing of domestic sewing machines proved culturally problematic given that the target consuming group were women within the home. As Brandon suggests, it appeared to present a disturbance to the stability of the domestic household given the high proportion of time women spent stitching by hand as part of their conjugal role as domestic producers and the labour-saving potential held by its mechanisation. The sewing machine thus seemed to threaten a new-found female independence, both in terms of greater free time exclusive to women and the possibility that the purchase of such a means on credit might even be afforded by women in their own right as part of their autonomous 'housekeeping money'. Such fears, as expressed in newspaper letters of the time, manifested in one dimension as doubts about the capability of women to operate such a complex piece of industrially-produced machinery. Another dimension was the purchase of the sewing machine on credit. Just as women were suspected of being incapable of mastering physical mechanics, so too did doubts exist about their ability to comprehend the financial mechanics of the instalment plan; particularly as sewing machines became much cheaper in later decades, women were accused of preferring the instalment plan even when having the means to afford a machine outright (Calder, 1999: 181).

In his survey of the industry, Mussey remarked that the mass instalment selling of sewing machines was of a 'distinctly lower' order than that of the 'high-grade' trade in furniture, pianos and books (1903: 40). Yet, such anxieties embodied not so much a concern for credit itself as the effect that such credit might have in facilitating a particular form of consumption inextricably linked to women and what consequences this would have for marital relations and the structure of the family. Rose (1999a: 128) argues that the modern form of the family came to exercise a key role within liberal government, constituting a private domain which, like the economy, was deemed to have its own particular dynamic functioning outside and independently of the state but which was essential for the existence of liberal government by fashioning, at a subjective level, the capacities and conducts required of self-governing individuals. The family also served as a mechanism through which society could be governed by means of its very privacy and sovereignty, opening up new aspects and avenues to intervention. As Jackson Lears (1994) demonstrates, the American bourgeois family of the 19th century was constituted as a private sentimentalised space of real human contact, free from the whirl and instability of a developing market economy where women were to be assigned a special role as nurturers and purveyors of a stabilising domesticity.

Figure 1.4 Handbill Advertising Singer Sewing Machines, 1895. Note the reference to favourable monthly terms. Source: John W. Hartman Center for Sales, Advertising and Marketing History.

As the Singer Company innovated the sale of its machines through relatively autonomous agents, instalment credit also intersected with broader concerns about the peddler. As Lears demonstrates, 19th century peddlers, itinerant salesmen epitomised by the patent medicine man, exerted a destabilising effect on relatively isolated rural American localities, inducing a sense and imparting a desire for the exotic, the subversive and the carnival-esque from both faraway commercial centres and foreign climes – not only in terms of the exotic and luxurious goods being sold but also the conjuring of a sense of theatricality and magic through which they were sold (1994: 65-6; see also Featherstone, 1991). As he notes, women were seen as being particularly prone to the seductive, manipulative wiles of the peddler, a sexualised metaphor for a broader fear of loss of self-control in the face of consumption. So too were itinerant sewing machine agents feared for their aggressive pursuit of women customers whom, it was feared, could be seduced with promises of low down-payments and easy terms. In Seligman's historical analysis, he is explicit in seeing a causal link between the use of mobile sales agents with their high pressure selling tactics and the growth of abusive credit practices centred not only on a field of purchasers 'a little less-to-do' than that of furniture stores but predominantly female ones at that. Such fears seemed intensified to the extent that:

> It is accordingly not surprising to find that the losses both of money and of property became somewhat more frequent, and that the cases of hardship and injustice became somewhat more common. Under the former law in New York, the legal remedies consisted not only of replevin [legal repossession prior to court case] of the article, but of bodily execution on the defaulting purchaser. In not a few cases resort was taken to such execution (1927: 16-7).

Thus, the combination of a disparate force of disreputable sellers and a lower class, predominantly female and presumably susceptible clientele created conditions which produced a lower-grade form of instalment selling engaged in by individuals ungoverned by the self – on the one hand, immoral charlatans tempting, if not manipulating the wives of husbands to instant gratification and on the other, weakened whimsical women prone to consuming desire and deficient in the ability to act as legal subjects. Parallel to the conception of peddlers as artful masculine predators, Seligman explicitly remarks on how some sewing machine agents would have sought the imprisonment of women in lieu of defaulted payments, a scarcely concealed allusion to the forcible claiming of the female debtor's body from the husband.

However, as Veblen ([1899] 1925) demonstrated, for a rising middle class, the social very much impinged upon the domestic domain through the medium of consumption. Whereas the 'leisure class' of old had demonstrated its social status through the conspicuous demonstration of leisure activities, social development increasingly located the manifestation of one's social class through the consumption of goods. In this, Veblen accords a particularly significant role for the wife within lower middle class families whom, he argues, assumes the responsibility of conspicuous consumption on behalf of the household as the male householder engages in productive salaried employment. In this, Veblen draws out an important aspect of conspicuous consumption: although he defines it on the basis of wastefulness, that the symbolic communicative value dominates use-value, he argues that it may not be experienced by individuals as such but may in fact come to be regarded by the individual as essential to their wellbeing. However, such consumption among the new middle classes was, he suggests, bound up in 'ostensible purpose', presented and experienced as though having some useful end, ' … as for example in "social duties", and in quasi-artistic or quasi-scholarly accomplishments, in the care and decoration of the house, in sewing-circle activity or dress reform, in proficiency at dress, cards, yachting, golf and various sports' (Veblen, [1899] 1925: 94). In relation to the sewing machine then, the marketing efforts employed in its early distribution tended to emphasise its productive nature, how it would free women from the drudgery of hand stitching and allow them to devote time to such things as child rearing and recreational activities with their husbands, or actually function as an income generating device for the household (Brandon, 1977: 126-8). Even the company's justification for instalment credit as a form of 'hire' that would pay dividends in terms of eventual ownership emphasised ideals of thrift and productiveness.

The 19th century mass marketing of the sewing machine thus seemed to threaten a radical transformation in the nature of women's labour, a destabilising intrusion into the familial relations of the private sphere upon which the solidity of wider society was held to be dependent. Of course, hardly coincidentally, the position of women in society was becoming contested at a political level through the development of suffrage movement of the time. The manufacturers of the sewing machine, though, projected a persuasive alternative vision where their mechanical aid did not disrupt but reinforced the family, saving women from time-consuming labour which they could then devote to their role as family nurturers or to the pursuit of enlightening cultural activities in the company of their husbands. This resonated with the Victorian 'cult of pure womanhood' which positioned women as nurturers and carers whether in the family home or as 'friendly visitors' in moralising initiatives such as the Charity Organisation Movement which sought to instil middle class WASP values in the working class and immigrant households (Boyer, 1978: 143-61). To these ends credit was shown to be an 'investment', a calculated use of resources that would pay for itself and not only did not contravene bourgeois notions of thrift and self-reliance but was presented as actively working through and strengthening them.

But the sewing machine also promoted the idea of fashion, promulgating the possibility that women, as well as the rest of the family, could dress up to the standards required of their social station. In many ways, then, the domestic use of the sewing machine represents a key moniker of 19th century social change, briefly preceding the development of a mass produced, ready to wear clothing industry and centred around the autonomous productive setting of the home, yet deploying new techniques in marketing such as trade-ins and loss-leading, the novel utilisation of consumer credit as well as facilitating a new concern for clothing quality and style. As Judith Coffin argues, the marketing of the sewing machine in 19th century France shows a clear change from the middle decades towards the end of the century, intersecting clearly with the shifting conception of the family from one of a site for economic production and the inculcation of virtuous values to one where its primary role was being reframed as an 'umbilical cord' for an emerging consumer society (1994: 782-3).

A New Consumerism

As we have discussed earlier, the post-Civil War reconstruction period saw the United States experiencing a sharp increase in industrialisation and capitalist development as it entered the so-called 'Gilded Age'. The binding of the continent by new transport and communications infrastructures with the Northern Pacific railroad and the national telegraph network was mirrored in the mobilisation of a new elite through a higher education centred on the prestigious east coast universities which were increasingly oriented towards formalised business education (Chambers, 1980; Hall, 1982). An increasingly national market was coming to displace dispersed, self-sufficient 'island communities' with the nation's major cities, themselves swelling in size with influxes of rural migrants and foreign immigrants, increasingly serving as commercial hubs radiating outwards in their regional control of finance, farm production and the products of industry (Hays, 1957; Wiebe, 1967). Within cities themselves, a new 'downtown' emerged which Nye represents as the 'physical expression of concentrated energy use' (1998: 173). Electricity animated the new trolleybuses and subways that propelled individuals in and around newly constructed skyscrapers made possible by powered lifts, ventilation systems and telephone networks. Within this context, a new structure of centralised consumer retailing began to take shape. In Lears's (1994) words, the peddler-figure became 'reformed', stabilised within the form of the department store.

Beginning in 1846 with the opening of A.T. Stewart's Marble Palace, department stores such as Macy's and Marshall Field's began to emerge in the 1860s and 70s as large retailers selling multiple lines of goods (Hendrickson, 1979: 60-149; Leach, 1993). Three key organising principles underlay how these new types of firms operated (Strasser, 1989: 204-6). Rather than the traditional price bargaining system between buyer and seller which had been predominant, such stores sold goods on the basis of fixed single prices that were set according to a continuous calculated profit-oriented analysis of stock turnover as opposed to being the outcome of incremental, transaction-specific bargaining between buyer and seller. As their name suggests, such stores were departmentalised into units selling specific lines of goods which were then analysed by a centralised administration that assessed the sales effectiveness of individual employees as well as the profitability engendered by the department as a whole (see also Benson, 1986; Walsh and Jeacle, 2003). These firms combined new merchandising and distribution approaches with economic weight and the integration of its own manufacturing to change how consumption was organised and related to the individual, disrupting and altering the experience of consumption itself.

However, it was not simply the rationalisation of retailing that fostered this but the way that goods became related to the individual. The fixed price system nurtured individuals into a new role as consumers, engaging them not as active participants within acts of purchase but as passive democratic participants of an experience 'where consumers are an audience to be entertained by commodities, where selling is mingled with amusement, where arousal of free-floating desire is as important as immediate purchase of particular items' (Williams, 1982: 67). From around the 1880s to the end of the century, department stores began to condition a new aesthetic to the sale of their goods, using new electric light to illuminate the increasing diversity of wares and services, creating seductively arranged, often fantastical window and exotically thematic shop displays and arranging space to create a new intimacy between customers and goods including separating and rendering invisible the manufacturing and clerical labour that underlay the 'dream worlds' being created upon the shop floor (Leach, 1993).

Department store shopping, though, remained an urban phenomenon, attracting only those within a relatively easy urban commute. The second main thrust in the concentration of consumption was the development of the mail order firms, particularly the two Chicago giants Sears, Roebuck & Co. and Montgomery Ward, who fostered a new nationalised consumption in isolated rural areas beyond the confines of the peddler and the General Store (Emmet and Jeuck, 1950; Boorstin, 1973; Hendrickson, 1979: 205-53). It was not by chance that both were located in this city for Chicago served as the major hub in the development of the national railway infrastructure, the location allowing these firms to effectively distribute their wares over most parts of the country. It was Montgomery Ward who, building upon his experience as a travelling salesman, pioneered the mail order concept, setting up his company in 1872 with the support of the Grange farmers' organisation and the promise to reduce prices by eliminating the 'middle man' and 'selling only for cash'.

The catalogue was the crucial element in mail order, the site which allowed the seller to present the goods available for purchase. Initially small in size with the emphasis on written description and simple woodcut illustrations, the end of the century saw ever multiplying circulation and new innovations such as linotype and colour printing which expanded the scope for a realistic visual projection of the product being sold. Crucial to the development of mail order was a scheme known as Rural Free Delivery (RFD) which initially emerged in the 1890s to guarantee a reliable postal delivery system to farm addresses. More broadly, like the roll out of the railway and the telegraph, RFD integrated territory by separating out time and space in the formation of a national marketplace. 'For the rural American, the change was crucial. Now he was lifted out of the narrow community of those he saw and knew, and put in continual touch with a larger world of persons and events and things read about but unheard and unseen' (Boorstin, 1973: 133).

Neither department stores nor mail order firms remained unchallenged as they expanded their arc to define new patterns of consumption. As Leach (1993) demonstrates, the 1890s were characterised by an anti-department store crusade composed of unions, small merchants, women's groups and some politicians who rallied against the exploitative and competition-threatening power wielded by such enterprises. Similarly, local traders being threatened with extinction by nationally-oriented mail order companies petitioned for restrictive state legislation and attempted to form systematic boycotts to limit the scope of these outside rivals whom they accused of draining money from the country to the capitalist elite of the city, even going so far as to organise community book burnings of catalogues (Cohn, 1940: 510-17; Smalley and Sturdivant, 1973: 51; Hendrickson, 1979: 212-17). Neither type of campaign, though, could ultimately restrain the new national commercial tide that consumption was attaining.

'Gullible, Ignorant and Illiterate': Credit and Deficient Wills

Within this post-Civil War period, credit itself began to undergo a rapid expansion in terms of its geographic spread, the merchandising lines within which it was offered and the types of people who used it (Seligman, 1927; Nugent, 1939; Calder, 1999). Whereas before, it was exclusively for the financing of significant durable items of consumption like furniture and pianos, by the 1870s, its use extended to such relatively ephemeral household items as bedding, dishes and kitchenware as well as for the purchase of suits, coats and dresses on such terms as one-fifth down payment and eight weekly instalments. With the cheapening of sewing machine production and competition between agents, instalment terms became pervasively liberalised so that by the 1870s a machine could be had for as little as a dollar down and fifty cents a week (Nugent, 1939: 67). The types of individuals using such credit also shifted to encompass the 'proletariat' of Mid West cities, Blacks and immigrants so that the class distinction which maintained the technique of instalment credit as a tool of a rising or aspiring middle class dissolved. In Seligman's blunt language, instalment credit became extended to a 'lower grade' of both commodity and purchaser (1927: 19). Such a shift was associated with rising numbers of urban workers and immigrants with materially limited incomes who were disjointed from home and land as sites of production and cut adrift within a new, fluid urban milieu (Nugent 1938: 43-4). Attempting to accumulate both household furnishings and express new forms of consumption, instalment credit provided the possibility of their attainment by exploiting the relatively certain regularity of wages – an extended sequence of interminably fractional payments mirroring the (hopefully) interminable regularity of the fixed weekly pay-packet (Calder, 1999).

In their analysis of the Spiegel Company of Chicago, an instalment merchandiser that began to supply furniture on instalments to working class families in the 1890s, Smalley and Sturdivant suggest that:

> Although expensive, such a selling technique enabled families to acquire necessary goods out of income by making frequent small instalments. Certainly many such families would not have been able to exert the necessary self-discipline to accumulate the money for full payment of many goods in the absence of a semi-forced savings scheme (1973: 26).

This shows, albeit retrospectively, the transformation of understanding that the spread of instalment credit encapsulated. As we saw previously, the early availability of instalment credit had been associated with the demonstration of character, the facility of a class fraction which was properly able to exert a strict self-government over itself and could thus be largely trusted with expensive household goods on a sequence of deferred payments. However, with its spread down the social scale, the marketing of such credit became seen as an instrument of material necessity, whose fulfilment by the individual stemmed not just from the contractual nature of the agreement but the repetitive sequencing of payments constituting a despotic mechanism substituting for, rather than supporting, the self-government of the individual. As social investigator Henry Mussey described it, '[t]heir methods are copied after those the large dealers, but necessarily involve more severity, because they deal with a less responsible class of customers, and are themselves of a lower grade of business training and ethics' (1903: 15)

The arrival and growth of department stores also had an important, albeit indirect, effect on instalment selling. These stores themselves did not offer instalment credit – in fact, they prized themselves on their cash only policies – but their competitive commercial strength forced many single-line retailers into offering instalment terms. Such credit also allowed individuals to attain a higher standard of consumption, particularly for clothing. With the increasing preponderance of mass produced clothes and in new urban milieus beset by flux and shifting, uncertain social relations and class identities, credit allowed increasing numbers to adopt the exterior aspects of a higher social class within a context which increasingly grounded judgement in appearance (Calder, 1999: 169-71; see also Boorstin, 1973; Horowitz, 1985).

However, the expansion of instalment credit beyond a specific middle class stratum to more and more members of the working class increasingly rendered it as culturally illegitimate for the former, probably by virtue of its association with working class consumption. If, as Bourdieu (1984) contends, both goods and the taste for goods correspond with the expression of fundamental social class differences and that their distinctive power of both goods and taste declines in line with the ability of lower classes to appropriate them, then in late 19th century America, the mode of purchase mediating the possibility of appropriating the distinctive potentialities of goods, too, came to represent a particular type of 'stylistic possibility' as much as the goods to which it gave purchase. As instalment credit widened the consuming possibilities of lower classes, appropriating in some measure the symbolic value of items formerly reserved for middle class consumption, cash-buying was reserved as a distinguishing practice of middle class consumption being catered for at new department store emporia that combined the presentation of spectacle with a refusal to entertain the possibility of instalment credit.

Of course, as Lendol Calder (1999) notes, the middle classes did not extinguish their use of it but rather limited it to a specific range of goods such as pianos and sewing machines and, increasingly, sought to hide it behind the scenes. With the constitution of social classes and their boundaries in a state of flux in the latter half of the 19th century, the disdain that the middle classes expressed towards the practice of instalment credit symbolises the uncertainty that they felt towards their own position as well as their fear of the working classes beneath them who seemed to beckon urban disorder, labour militancy and social fragmentation. In evoking and laying claim to a Puritan past of independence and self-reliance, the middle-class sought to uphold values and standards that might serve to resist the destabilising social and economic changes that threatened to undermine their traditional morality and societal institutions (Susman, 2003: 42).

It was not simply, though, that such credit lost an intrinsic power of distinction for the middle class; rather that, in doing so, it became associated with a degradation and inhibition of freedom. According to Foucault (1991), freedom lies at the heart of liberal government, the discovery and elucidation of individuals, families, the population, economic processes and society as autonomous, dynamic domains which government may shape or direct but never interfere without risking their destruction and its own. Yet, as Valverde (1996, 1997, 1998) shows, the liberal freedom of individuals is always relational, always articulated against that or those which are not free. At the end of the 19th century, certain marginal forms of consumption (and by implication consumer) were understood to be unproductive and irrational in direct contravention of the liberal injunction to self-control (Hilton, 2004). By the 1890s, as Nugent (1939) attests, instalment selling 'attracted a largely disreputable fringe' which pushed prices up, reduced down payments and extended contract times, such a dismantling of regulatory buttresses being matched by the increased use of punitive sanctions such as the deployment of liens over other household goods as well as the aggressive pursuit of wage garnishment.

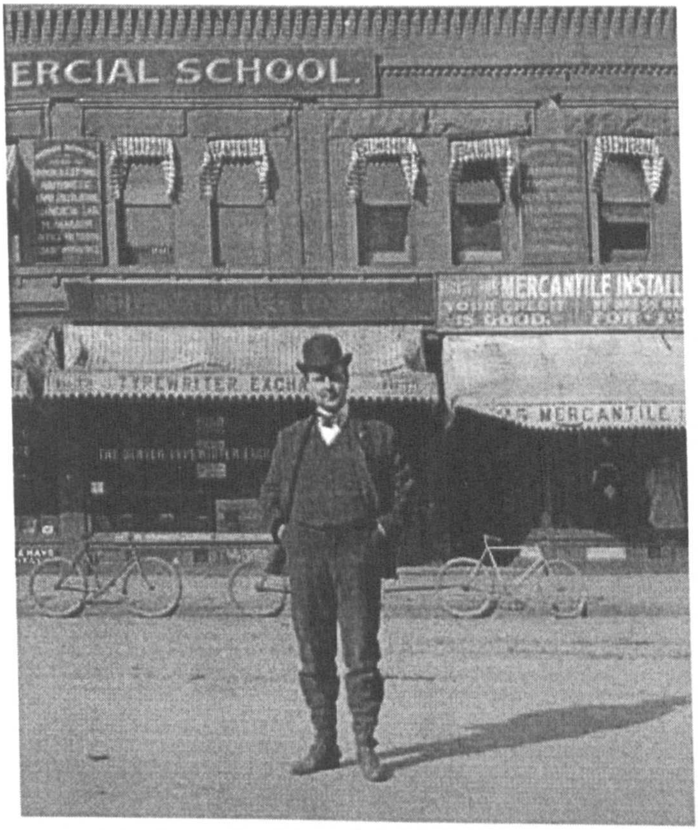


Figure 1.5 1900 Street Scene in Denver, Colorado. Note the retail store's credit advertisement in background. Source: Myvesta Foundation.

Among such groups as Blacks and non-English speaking immigrants, this was exacerbated by outright fraud, the impecunious threat of imprisonment and even bodily violence. At the turn of the century, for instance, social investigator Henry Mussey (1903) analysed a flourishing 'fake instalment business' in New York city where unscrupulous vendors, targeting immigrants in particular, sold worthless or highly over-priced merchandise on instalments and surreptitiously altered contracts to defraud unfortunate borrowers. If, as Wightman (1996) suggests, the classical liberal contract is defined as the formal meeting of two wills, then Nugent's description of immigrants and minorities as being characterised by 'gullibility, ignorance and illiteracy' indicates how deficient their will was understood to be. To a greater or lesser extent then, certain marginalised sections of an industrialised, urban population were understood to be non-rational, lacking the capacity for self-control that characterised the free liberal subject and so unable to act in their own self-interest when entering into credit transactions. As weak parties to an unequal exchange, they were thus seen as vulnerable to manipulation through the self-interest of others, a form of exploitation which they were incapable of resisting because of their inability to defend their own interest.

Thus, at the turn of the century, most working class users of instalment credit were understood to lack the capacity for freedom, materially, through inferior resources but also in their competence to regulate themselves, to exert their will to bear the responsibilities of freedom. They were therefore fated to manifest their degraded will in such credit use – the more deficient the capacity for freedom, the greater the coercion experienced and the more disreputable instalment credit became. In generally, by avoiding or hiding instalment credit use, the middle class sought to distinguish itself, not merely because such credit was excessively 'common' symbolically but because it had become inextricably associated with a morally constituted incapacity for self-government. It was the obverse of this through which the middle class understood and defined its own freedom (Valverde, 1996).

Despite the social contempt with which instalment credit was held from the 1880s, other forms of credit began to circulate within the consumption practices of more affluent classes towards the end of that century. Within burgeoning department stores, characterised significantly by their 'prolific middle classness' (Leach, 1993: 20), charge accounts were offered to wealthy customers in order to encourage a specifically 'high class clientele' (Jeacle and Walsh, 2002: 740). As the latter authors note, such individuals often 'exploited' such facilities by accumulating charges and delaying payment for several months upon which, in general, no interest was charged. The distinction between such charge accounts and the stigmatised working class forms of instalment credit reveals the different forms of government which underlay each and the different understandings of the subjects involved. Charge accounts were an extension of the older forms of 'open book credit' which had been common between retail merchants and their customers; they were trust-based 'promises to pay' rather than legally-enforceable contractual obligations. However, unlike open book credit, they were not bound within complex community relations but presumed a high-degree of self-regulation on the part of the customer. In contrast to instalment payments, charge accounts were paid off as and when the individual client saw fit. No mechanical regimen regulated the repayments and neither could the retailer seek to legally reclaim the goods in the event of default – on the contrary, everything rested on the individual's desire to clear their account. Of course, the motivation for credit was understood by department store management not as a 'necessity', a means of bridging the purchase of goods in the present through the calculable, regulated allotment of the future, but as a 'convenience', a mechanism of streamlining the purchase of goods in the present by extending its boundaries by means of the perceived strength of will of the individual. Whereas middle class instalment credit acted upon and regulated the freedom of those individuals who used it and working class variants, to a greater or lesser extent, were constituted through a lack of freedom, the use of charge accounts by wealthy store patrons explicitly functioned by and depended upon just such a freedom.

However, these forms of credit did not remain the preserve of an elite. As Leach notes, by the end of the 1890s, department stores began to actively market their charge services to less affluent strata than before – soliciting existing charge customers to recommend friends and acquaintances to join. As Calder suggests, department stores implemented such a shift as they increasingly felt the pressure of competition from supposedly lower class instalment retailers while the increasing administrative rationalisation of its operations made such a strategy bureaucratically possible (1999: 71-2). Soon, some stores began issuing numbered metal coins to be proffered by customers to identify themselves when charging purchases (Leach, 1993: 125).

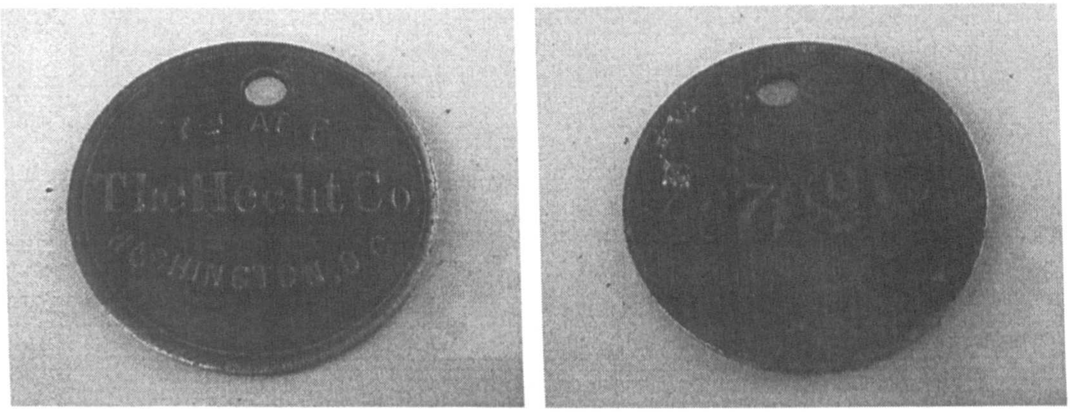


Figure 1.6 Metal Identification Coin Issued to Credit Customers of the Hecht Department Stores, Washington D.C. Source: Myvesta Foundation.

With this proliferation of credit, charge accounts even gave way to instalment-like credit plans; for instance in 1900, Wanamaker's department store began to sell pianos on an instalment-like 'contract basis' that obliged monthly payments, although no down payment was required (p. 127). The most notable exception was Macy's in New York which persistently prided itself on a cash only policy ostensibly presented as a strategy to keep prices low. In 1902, as an alternative strategy to the charge plan, it opened a dedicated service that allowed regular customers to deposit cash against which purchases could be conveniently charged and to which interest and annual bonuses were paid by the store. However, although such 'debit' sales exhibited moderate growth as a proportion of total sales over the succeeding years, its proportion was less than a fifth of comparable charge sales in other stores (Hower, 1943: 341-44).

The loosening of department store credit policy, though, called into question the presupposition of freedom of the customer. Particularly given the association of department stores with feminised consumption, Leach draws attention to the proliferation of turn of the century court cases involving upper and middle class women accumulating debts on charge accounts that their husbands were unable to pay. At this time, as Zukin notes, 'women were continually accused of being too weak to withstand the temptations of choice; they were charged with spending money beyond their means, abusing their husband's charge accounts and shoplifting. Kleptomania was considered to be the middle class woman's disease' (2004: 16). Zukin's association of desire, credit and kleptomania brings into relief how women were perceived. Like immigrants or the working class, the middle class woman was seen to be intrinsically lacking in will, deficient in her ability to control the irrational sensuous passions of her own nature and thus exceedingly vulnerable to the almost sexual stimulation conjured by new arenas of consumption (Abelson, 1989; Spiekermann, 1999). Shopping, thieving and credit abuse were thus closely related constructions of the same underlying hystericised condition attributed to middle class, homebound women – the janus-faced inability to resist both their own irrational selves and the quality of the potent consuming temptations to which they were exposed resulting in a supposed compulsion to steal or rack up charges that their husbands struggled to contend with.

The development of 'low grade' instalment credit, however, did not remain confined to urban centres. In 1904, the Spiegel home furnishings retailer of Chicago which was founded in 1893 and which concentrated on selling household goods on instalments to lower middle and working class families began to develop a mail order business, initially concentrating on a geographical area within a hundred miles of Chicago (Smalley and Sturdivant, 1973). Following the mass retailing lead of mail order houses Montgomery Ward and Sears, it produced a catalogue detailing a limited array of furniture goods and disseminated it to addresses acquired through mailing lists, freely available town directories and the bribing of Postmasters. Crucially, unlike its larger rivals which mirrored department stores in stridently refusing to engage in instalment selling, Spiegels offered all such goods on instalments with the cost of such credit built into an inflated purchase price. Whereas Sears declared even as late as 1910 that 'Our only terms are for cash; we do not sell on instalments or extend credit' (Cohn, 1940: 524), the early slogan adopted by its smaller rival – 'We Trust the People – Everywhere' – demonstrates the supposed democratising intentions of making both consumption and credit freely available on a uniform basis to wider sections of a dispersed population who could be relied upon to effectively govern themselves. Indeed, as Smalley and Sturdivant note, given how credit was so bound up within Spiegel's mail retailing strategy, the management placed particular emphasis on credit as a 'respectable' practice for the new 'great army of salary-earners' whose comforts should not be limited by an insistence on cash (1973: 48). In a letter to reluctant customers, credit was even identified by the firm with the buying habits of the wealthy classes which was now available to people of more modest means but who declared to be of equal honesty and responsibility.

Although repayment on credit for furniture was felt to be reasonably secure on the basis that the accumulation of furniture was an indicator of permanence, stability and personal responsibility – 'good character' – the conditional sales contract provided the possibility of a more coercive regulation through repossession. However, the entry of the company into the instalment selling of clothing, and the consequential eclipsing of the possibility of repossession of items sold in such a way, generated greater fears about security which were seen by certain sections of management to be endemic to 'the dirty rag business' (Smalley and Sturdivant, 1973: 63). In other words, without the possibility of resorting to 'despotic' forms of regulation through acting to repossess the good and reserve any payments that had been made, individuals might be less relied upon to exert the 'self-despotism' necessary to maintain their repayments.

With the widening physical distance between consumers and the central retailer implied by mail order and its branching out into new areas of merchandising, Spiegel increasingly developed itself as a 'centre of calculation' across a national market, governing consumers through the notion of character that was not attained at first hand, through a proximate assessment, but through the marshalling of an array of circuits that would connect the retailing apparatus with each individual and potential customer, funnelling information back to the firm's administrative credit office. As Rose and Miller (1992) argue processes of governance, acting upon distant events, deploy mechanisms of accumulating information that both enable and legitimise it. At first, local lawyers and bankers residing within the individual's community were harnessed as sources of information on credit applicants; later, specialised local agents came to be used as well as references submitted by the applicant. However, from 1917 onwards, individuals themselves became increasingly employed in the firm's government of them through the widening scope of the application form. The answers to an array of such questions as occupation, earnings, address, age, marital status and race were increasingly correlated with a perceived degree of self-regulation in repaying credit and were depended upon by the firm for determining the 'character' of the customer. However, although 'character' was becoming discerned and articulated in novel ways through new processes of inscription, its content still maintained a moral quality. For instance, as Smalley and Sturdivant note, orders from Blacks were persistently ignored and their details eliminated from subsequent distribution lists, for 'management was ... unquestionably wedded to the stereotype regarding the black's character and attitudes towards the responsible settlement of commitments' (1973: 87).

Mass Credit: Assembling the Automobile, Reassembling Thrift

Mass Financing and Mobile Desires

It seems almost a cliché to mention the importance of the mass-produced, mass-owned automobile to the development of American society in the 20th century. The very shape and form of American streets, cities and highways have been bound to its proliferating ownership (St. Clair, 1986; McShane, 1994). Ling (1990) links its development early in the new century to that of the Progressivism with its organising impulse to incorporate rural 'island communities' and ease the menace of urban overcrowding; yet, so too did the car provide a means of privacy, escape and freedom in an increasingly organised world. In this latter, Belasco (1997) demonstrates how the car became a central feature of a new leisure pursuit of itinerant 'autocamping' as middle class families sought a return to older times characterised by independence, closeness to nature and family solidarity – ultimately spawning the birth of the Motel industry in the 20th century. Particularly in rural areas, as Berger (1979) shows, growing car ownership among farming households, reaching 30.7% as early as 1920, altered the field of possibilities of family life and the structure of previously isolated communities, particularly with respect to religion, education and healthcare.

Similarly, the proliferation and mainstream mass commercialisation of consumer credit within the United States during the 20th century is inextricably related to the development of mass ownership of assembly-line manufactured automobiles. Just as the automobile seems to encapsulate something of the essence of the 'coming of age' of American consumerism and culture more broadly, such mass ownership was only made possible through new mechanisms of financing such ownership. Ford's perfecting of mass production had to be met by what Clark (1930) calls new agencies and institutions of 'mass finance' to put the fruits of such production within the realm of consumption. What is often regarded as the spark is the peculiar seasonality of capital intensive automobile production and the effect that this had on the need for credit facilities. As Martha Olney relays:

> Assembly line production of autos was essentially nonexistent in 1910 but characterised the industry by World War I. This capital-intensive and expensive production method created a problem for auto manufacturers; to keep average costs down, the assembly line system called for a relatively smooth seasonal production pattern, but demand for cars exhibited tremendous seasonal fluctuations with a strong peak in spring following an extraordinarily slow winter...To produce in lockstep with sales would have driven up fixed costs by requiring in April four times the plant capacity required in January. Idle equipment in winter months would have depreciated

> more rapidly than equipment in regular use, further increasing costs. Swings in labour demand might have created difficulties acquiring and quickly training skilled labourers needed only during the peak months. For these reasons, production needed to be smoother than sales, thus requiring a large buildup of inventory in winter (1991: 119-120).

Put simply, production had to be level to minimise costs while people tended to buy cars seasonally, thus forcing an excessive production of cars at certain times of the year. However, it wasn't manufacturers that bore the costly burden of storing this inventory, but rather, the car dealerships who were tied to specific manufacturers. As Olney suggests, demand for dealerships far exceeded supply thereby putting the manufacturer in a relative position of power *vis a viz* the dealer and able to dictate terms favourable to it including passing the burden of storage on to the dealer on a cash-on-demand basis. For the dealer, an external source of financing was clearly required if it was to avoid its stock of working capital being tied up in warehousing cars for months at a time. This, though, was not forthcoming from the traditional commercial banking sector that saw cars as, by and large, unnecessary expenses and dealers as bad risks given the power of manufacturers to cancel dealership agreements without notice.

What emerged as a solution was the finance company, either contracted or owned by manufacturers, to fund such an inventory build-up on behalf of the dealerships. Dealers essentially sold their stock, at a discount, to such companies which then authorised dealers to accept future customer payment for the cars on their behalf. These companies essentially acted as intermediaries between banks and dealers by contracting capital from the former and supplying it to the latter in order for them to finance the inventory purchasing of cars from manufacturers. Within Olney's economistic analysis, the emergence of specialised finance companies was not a response to an increasing 'demand' by consumers but was, rather, fundamentally related to their role as 'production smoothing devices', from which they only later branched out to promote credit to consumers.

However, it would seem one-dimensional to declare, as Olney does, that finance companies emerged simply as a response to production bottlenecks and the desire of manufacturers to maintain control over dealers. As Seligman traces, the historical practice of commercial firms borrowing using amounts owed to them, and not just stock, as collateral for the loan has had a long historical lineage within the United States, with, as he notes, such financing becoming applied to consumer forms of debt around 1905 (1927: 33-5). In fact, it was through the 'Industrial' or 'Morris' banks, one of the first commercialised agencies of consumer lending, that credit for automobile purchases first became available in 1910, even before the mass production of automobiles had really taken off with Ford's implementation of assembly line methods in 1914. In 1913, the Weaver Company became the first finance company to purchase the debts of car dealers followed by Guaranty Securities Company in 1915, which began a similar practice for Willys-Overland dealers in Ohio before quickly expanding both nationally and to other makes of car (GM's future president Alfred Sloan was one of its directors at this time).

By 1917, there were six finance companies specialising in automobile finance or adding it to their business activities. As Seligman's more balanced account relates: 'the desire of the automobile user to be provided with a somewhat easier method of payment, and the interests of the automobile manufacturer to secure a larger as well as an even, uninterrupted flow of output, conspired to bring about the introduction of the instalment method' (1927: 30). By 1922, there were 1000 companies trading in automobile financing, rising to 1600 by 1925, although the vast majority of trade was concentrated in a handful of major companies (Clark, 1930: 21; Plummer and Young, 1940: 33-5). The source of this financing came mainly from short-term borrowing at commercial banks although the large national companies would eventually come to offer their debt as an investment on the open-market. Yet, the question remains as to how or why people were being increasingly implicated within the consumption of the automobile, and why they were submitting themselves to a regime of indebtedness to do so. As we have seen, the instrument of the instalment plan was not itself new, its deployment as a technology to mediate consumption stretched back far into the 19th century. Nevertheless, the automobile saved instalment-buying from the cultural disrepute into which it had fallen, in particular, its strong association with working class consumption. As such, the automobile represented a good whose function and symbolic qualities re-legitimised the use of instalment credit by the middle class.

Consuming Desire

The nature of commercial organisation within the United States shifted dramatically up to the 1920s and beyond as the promotion, facilitation and quality of consumption increasingly became central to the calculations of capitalist enterprise. What Wiebe (1967) calls the 'distended' society of the late 19th century, where industrialisation had progressed without a correspondingly coherent sense of integrated organisation, began to give way to new forms of productivity and economic consolidation through commercial mergers, the proliferation of new forms of mass merchandising through chain stores, the growth in size, scale and scope of department stores, and the professionalisation of consumer industries through the formalisation of knowledge in such areas as retailing, merchandising, sales and specific areas of service provision. Banks, too, were drawn into a new role within this maelstrom of change, shifting from their role as commodity brokers to permanent financiers of a system of consuming desire (Leach, 1993). Building upon and developing the industrial mass production which took shape during the 19th century, new means of nationally-oriented mass distribution, most notably the chain-store method, were predicated on the emergence of a mass consumer market. Advertising became the language, or as Marchand (1985) calls it, the 'lubricant' of this anonymous sphere, appealing to an emerging mass audience at the level of the subjective and playing on the idea of a perpetual state of yearning and desire; with retail purchasing still perceived to be the role of the 'female', the mass audience itself was feminised, perceived and constituted through advertising and marketing as being inherently subject to caprice and emotionality.

According to Baudrillard (1998), the system of individual 'needs' represented the final frontier for an advanced capitalism to incorporate and rationalise within production. Rejecting liberal and critical theorists, he sees specific needs and desires as not being imposed from without but as an alienation from use-value, analogous to the alienation of labour, forming a moralised, symbolic communicative system that becomes bound to the expression of social difference. For him, the systematic development of consumer credit occurs under the guise of instant gratification and hedonism, a seeming inversion of established puritan values. Yet this is merely a reflection of the capitalist colonisation of need and desire and the greater importance attached to individual's obligation to consume – credit, in fact, provides a means of 'training' consumers, conditioning them towards 'disciplined' consumer behaviour and providing the possibility for their incorporation where otherwise they might escape.

Campbell (1987, 1995a, 1995b), too, rejects what he terms the 'manipulationist' thesis in explaining modern consumption but his concern equally centres on debunking the conceptualisation of consumption as a form of externally directed communicative expression. What he seeks to discern, rather, are the particular aspects of modernity that propel individuals to continuously engage in the consumption of new commodities. In this regard, he focuses on the wellspring within individuals themselves, the particularity of the modern consciousness that produces a perpetual motivation for the consumption of the novel; seemingly dwelling on some of the themes of Norbert Elias's (1991, 1994) theory of 'civilizing process', he argues that the emotional make-up of modern individuals has been fundamentally shaped by the progress of social change. Through such processes as the decline of external physical danger via the monopolisation of violence in processes of state formation, the rise of individualism and the disenchantment of the world through scientific rationalisation, a gulf has emerged between the objective world and subjective experience with individuals being drawn into a greater autonomous control over their emotional expression – what Elias would term the increasing external constraint towards self-constraint.

For Campbell (1987, 1995a), pleasure becomes drawn less from a subjective immersion in the physicality of sensory experience consumed and more from the autonomous and controlled play of images about consumption conjured and dwelt upon in the mind of the individual. The key, though, is that the sensory can never match the perfection of the imaginary and so the actual consummation of consumption gives rise to disillusionment and the idealisation of new forms of consumption in a permanent cycle of longing, disappointment and new desire so that 'individuals do not so much seek satisfaction from products, as pleasure from the self-illusory experiences which they construct from their personal, associated meanings' (Campbell, 1987: 89)

Into the 20th century, the nature of production itself was shifting to encompass consumer 'need' – as Cross details, from 1900 to 1930, discretionary spending increased while the number of hours in the working week declined (2000: 17-8). Yet, the vanguard of a new capitalism, the Ford Motor Company, was coming to epitomise a relationship between labour and capital that was increasingly 'organised' and instrumentally-rational with little care for the novelty of ephemeral desire. With the establishment of the Highland Park plant in 1910, new lines of bureaucratic administration and centralised planning were drawn out across the factory; capital-intensive assembly belt methods combined with unskilled, usually immigrant workers enmeshed in an extensive, precise division of labour; and men, machines and materials were progressively allotted in calculated, rational workflows within the production process (Meyer, 1981, 1989; Gartman, 1986; Ling, 1990; Bachelor, 1994; Brinkley, 2004).

Away from the factory floor, Ford's 'Sociological Department' carried out carefully inscribed and documented investigations into the environmental conditions of the worker and their family conduct in the private sphere of the home to ensure adherence to moral habits based on thrift and industry perceived to be conducive to labour productivity. The company even established a savings and loan scheme where, upon joining, workers were obliged to ceremoniously deposit one dollar each payday, in person, to encourage a 'savings habit' while loan amounts were restricted to twenty dollars each pay cycle (Meyer, 1981: 95-147; Ling, 1990: 127-67). Inevitably, excessive borrowing by a worker became an object of investigative scrutiny by the company.

Even the celebrated 'profit sharing' five dollar day policy instituted in January 1914 was part of a conscious strategy to integrate labour within the new heavy industrial production methods that the Ford name has become inextricably associated with. It 'riveted' workers in their place within the new organised, 'solid' capital-intensive industrial system, literally by reducing the incidence of staff turnover, strategically by countering unionisation but more fundamentally by ensuring the adherence of labour to a hierarchical, top-down order that increasingly deprived it of initiative and creativity (Bauman, 2000: 57-8). Such a raising of wages, though, was not an immediate ploy to transform workers into consumers, or at least not consumers of automobiles, for as Cohen notes in her study of Chicago workers, even by the 1920s automobile ownership among this labour segment stood at only 3% (1990: 103). These workers, in contrast, persisted in buying traditional items like furniture and smaller consumer items like phonographs on credit or, more commonly, saved their surplus income and paid cash for their purchases. Despite the 'easy payments' facility offered by auto instalment credit, the market for instalment credit was more or less limited to the relatively affluent and the middle classes (p. 104).

'Fordism', therefore, represents an incomplete model for articulating and understanding the new forms that capitalism was taking with the elevation of mass consumption (Meyer, 1989: 81-3). Although pioneering the capital intensive assembly line with its super-scientific management of labour, Ford was wedded to the idea of the single 'perfected' product of the Model T that was standardised, uniform and which would eliminate competition through low marginal prices (Ling, 1990; Tedlow, 1990). Consumer demand was not a factor to be analysed, to be accounted for, to be problematised and systematically assembled as an independent element within the broader production endeavour but was held simply as a corollary of the factory process and the utilitarian features of the product. By making production leaner and more efficient, prices could be reduced and more Model Ts would be bought.

Alfred Sloan, vice-President at General Motors from 1918 and committed like Ford to mass production, mapped out an alternative vision which held the consumer at the heart of production. He conceived and realised a line of progressively priced products of different grades that would segment the market and through which each model would be changed annually to embody the latest style and fashion. Whereas Henry Ford held the critical feature of his Model T to be unchanging 'simplicity', Sloan drew a deliberate parallel between automobile marketing and the regenerative novelty of consumerist fashion declaring '... it is not too much to say that the "laws" of the Paris dressmakers have come to be a factor in the automobile industry – and woe to the company which ignores them'. Furthermore, he strategised on 'the degree to which styling changes should be made in any one model run.... The changes in the new model should be so novel and attractive as to creative demand for the new value and, so to speak, create a certain amount of dissatisfaction with past models as compared with the new one... .' ([1963] 1980: 265).

Fordism of the 1910s thus encapsulates an older, capitalism that, in many ways acted as a key locus for 20th century consumption but which by the 1920s was becoming obsolete. Henry Ford himself, perhaps, represents the last of the 19th century entrepreneur-industrialists not only in his sole concern for the 'need' rather than the 'desire' of car ownership which included the elimination of advertising but also the virtual sabotaging of his own organisational management structure and his drive in 1916 to sole ownership and all-encompassing control of the company (Tedlow, 1990:-161). Within itself, the austerity of the Model T, its simplicity and steadfast resistance to style, its trumping of value and durability as opposed to stylistic innovation represented nearly the consumerist incarnation of traditional Puritan values (McShane, 1994: 135). The Fordist devotion to the fixed, the unalterable and the permanent stands in contrast to the elevation of consumer desire as a 'social good' impelled by the continuous cycle of dissatisfaction within the minds of consumers (Ewen and Ewen, 1992: 48). As automobile ownership became increasingly pervasive among American households, the profits of capital came increasingly to depend on a new rationalisation of the totality of consumer needs as alluded to by Baudrillard. Firstly, through the creation of a graduated product line, General Motors created a system of distinct symbolic differences that corresponded to the different dispositions of different classes. As Bourdieu (1984) explains, such dispositions are formed not only by the material conditions of the class but by their dynamic ranking in relation to one other, a ranking formed through the cultural dialectic of identification and distinction. In creating different cars to suit different pockets, containing different performances, features, styling and accessories, each such product was ranked by the degree of banality and distinction it projected, in turn, 'naturally' corresponding and appealing to the objectively inscribed 'taste' of a specific class. Secondly, the company tapped into the imaginative hedonism of modern consumption, promoting the annual model change that both exploited and deepened the dissatisfaction that individuals felt towards the car that they already possessed, infusing the latest model with the gleam of novelty through new styling and features that would stimulate their imaginative longing for the promise of new experience that the latest, most up-to-date model seemed to exude.

Installing Consumer Discipline

The conflict of an outmoded 'productivism' of Ford and the progressive 'consumerism' of General Motors extended also to the field of instalment credit and the contrasting formations of the General Motors Acceptance Corporation (GMAC) and the Ford 'Weekly Purchase' plan. GMAC, a wholly-owned but independent subsidiary of General Motors, was created in 1919 to ensure stability in productive output by financing dealers to stock inventory as well as well as to directly mediate consumer instalment purchasing (Sloan, [1963] 1980: 305).

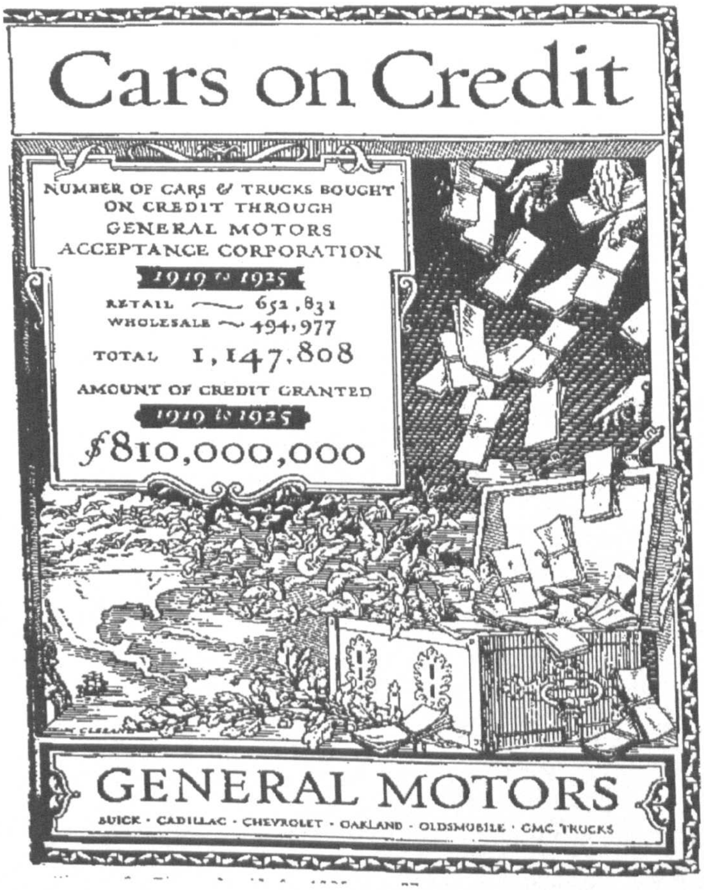


Figure 1.7 'Credit Might Fly' – 1925 Advertisement for GMAC, Time Magazine. GMAC boasts the number of new car sales facilitated by its credit terms since the company's foundation in 1919. Here, credit contracts are sent forth from the heavens to nestle in a treasure chest before taking flight across around the country. Source: Reproduced in Murphy, 1999.

Sloan saw instalment purchasing as an integral element in selling something more than the 'basic transportation' represented by the Model T. As car ownership expanded, the used car market grew to service the need of getting 'from A to B', the technical attributes of the car improved (most notably, the closed body) and the annual model policy took hold, instalment credit would be instrumental in selling not cars as fixed objects but in servicing a demand for 'progress in new cars, for comfort, convenience, power, and style' ([1963] 1980: 163). From the outset then, instalment credit allowed GM to draw desire into the sphere of production, the profits of capital connecting less with a rational 'need' for transportation and more with such amorphous, aesthetic qualities as 'style' and 'comfort' that the company believed the consumer, or certain types of consumer, wished to experience. By 1925, GMAC was by far the largest of the national finance companies, developing through an overall expansion of sales of GM cars but also contributing to an ever greater proportion of such sales (Seligman, 1927; Clark, 1930).

Facing declining sales due to intense competition from rival manufactures pursuing the increased sales inherent through instalment plans, the Ford Company instituted the Ford Weekly Purchasing Plan in 1923. This called on consumers to commit to a new Ford purchase by saving the cost, in five-dollar weekly increments, within a specially designated and administered interest-bearing account (Nevins and Hill, 1957: 268-9; Calder, 1999: 195-99). Like Macy's 'Deposit Account' strategy mentioned earlier, the repayment plan was designed to both encourage consumers to be thrifty and self-disciplined as well as obviating the perceived administrative and default losses inherent to the provision of instalment credit facilities. The plan, though, was a spectacular and embarrassing failure. Eighteen months after its launch, of the 400,000 that had signed up, only 131,000 continued their investment to purchase – the equivalent of around one month's sales. The purchase plan clearly embodied older Puritan values of thrift and self-discipline that had long been instilled within workers to render them docile and devoted to the labour process. Saving was the means by which independence and sovereignty could be assured, the mechanism through which the individual worker and their family could be made self-reliant and self-governing under liberalism (c.f. Donzelot, 1980). However, within a context that increasingly targeted consumption and the continuous regeneration of desire, saving became a distinctly inadequate medium for its satisfaction.

The period between the spurring of imaginative longing for the possibilities of new forms of consumption and its resolution in acquisition represents a 'happy hiatus' within which the possibility of perfected experience injects such goods with their greatest pleasurable potential before the inevitable dissolution of such perfection encountered by the goods in their 'real' state (Campbell, 1987). Fundamentally, as Campbell explains, puritanism and modern consumerism are two sides of the same coin, embodying the separation of individual feeling from action, the autonomous manipulation of emotion within the individual in anticipation of a future to come. The commercial development of instalment credit, though, released the possibility of immediate purchase and instant gratification of consuming desire while the fate of Ford's purchase savings plan indicates that the gap between accumulation and actual purchase was an hiatus too far to bridge for too many consumers. Within this qualitatively new period of consumption, with higher wages in a bureaucratic/machine-organised world and a host of new and continuously surfacing objects playing on the imaginations of consumers through new forms and media of advertising, the scope of desire became so widened and its pace so multiplied that even with the possibility of prompt gratification of specific wants, the experience of wanting came to exist as a general state to which the consumer was permanently exposed (1987: 92-3).

In many ways, instalment credit represents a systematic effort by capitalism both to fulfil the goals of desire, but also to discipline and mould that desire – what Calder (1999) calls the 'regulation of abundance'. This follows Baudrillard's position that, while credit operates under a semblance of hedonism, it produces a rationalising effect over the actions of individuals, allowing them to be incorporated as calculating consumers where otherwise they would remain outside the limits of profitable consumption. It is worth recalling here Simmel's (1978) argument that the space separating a subject and an object of desire must be sufficiently distant to permit those objects to be desired, to be imaginatively and abstractly dwelt upon and understood within the consciousness of the individual beyond the purely sensory pleasure of immediacy. Nevertheless, such objects can not be too distant from individuals otherwise desire collapses or is dissolved to nothing more than a 'vague wish' as the possibility of possession appears too far fetched. Objects that reside within these so-called upper and lower limits, although experienced as resistant to the subject, are within sufficient scope of the actions of the subject for such resistance to be overcome.

The systematisation and extension of instalment credit thus delicately recalibrated the distance between the desiring consumer and the mass produced automobile. Although the assembly line helped lower production costs and thus price, it was the technology of the instalment plan, borrowed from the merchandising success of older consumer goods such as the sewing machine but newly infused with specialised finance capital, which transformed the automobile from a 'vague wish' (which in 1907 Woodrow Wilson believed might bring socialism to America) into a realisable object of desire for increasing swathes of the middle and lower middle classes. Simultaneously, consumer involvement in such instalment credit agreements involved a submission to a regimen of discipline which tightly governed the actions of those consumers. Desire, stimulated by a new array of consumer choice, became specifically regulated by the binding of time and money flows within the instalment plan:

- Despite being a form of borrowing, an initial payment amounting to around one-third of the purchase price had to be saved and offered in advance as a down-payment
- The sequential, step-by-step liquidation of debt characterising this form of credit amalgamated principal and interest elements into a fixed number of simple, all-inclusive predictable payments set out in advance for the life of the agreement.
- Missed payments became potentially manageable. Given the breakdown of repayments, the missing of one payment rather than whole principal meant that the credit agreement did not necessarily break-down. The lender could potentially renegotiate the credit agreement, especially near

the latter stages. The missing of payments in early stages, on the other hand, provided early warning indication of difficulties on the part of the debtor and the goods could be repossessed quickly before the continued onset of costly depreciation.

- The legal characterisation of the contract as a conditional sale ensured that the good could be repossessed and the down payment and monthly payments already made remained the property of the creditor.

It is perhaps no coincidence that the formalised instalment plan governing credit consumption seems to resonate with the characteristic mode of production of the assembly-line. Both sought to govern complex new domains of consumption and production respectively through a detailed arrangement of time and space that impelled individual action into a repetitive array of simplified tasks dictated to the individual from above.

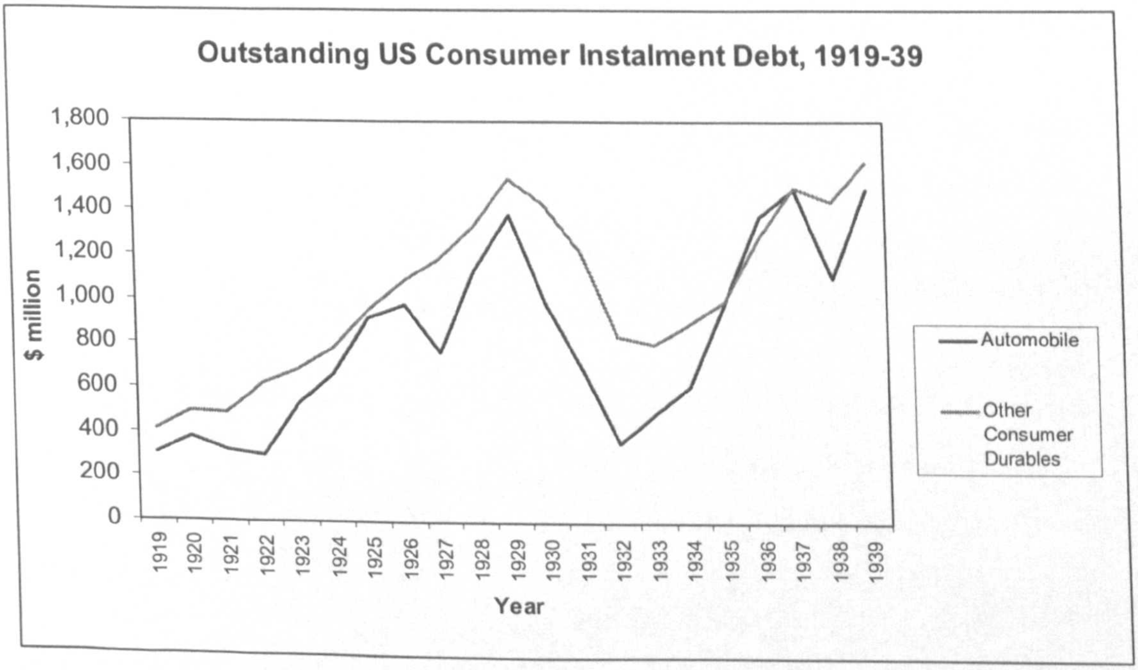


Figure 1.8 Outstanding US Consumer Instalment Debt, 1919-39. Source: Olney, 1991: 93-4.

To briefly summarise the events of the 1920s, the scope and scale of credit increasingly came to bridge the hiatus between consuming desire and fulfilment. Between 1919 and 1929, the amount of total consumer instalment debt outstanding at finance companies increased from $0.72 billion to $2.95 billion before plummeting with the onset of the Great Depression (see chart 1). It was not until the onset of a war economy at the end of the 1930s that rates recovered to something like their previous highs.

In the financing of automobile purchase, increased competition led to an extension of repayment times and a lowering of required down payments, helping to propel new car sales from 1.3 million to 3.2 million over the same period (Olney, 1991: 96). As advanced industrial production brought new goods such as mechanical refrigerators, radios, phonographs, washing machines as well as cars to the market in what Olney has termed a 'durable goods revolution', new and existing finance companies deployed instalment credit to locate these consumerist items within the boundaries of desire for broader swathes of the population (Seligman, 1927; Clark, 1930; Ayres, 1938). These new goods were met by the process of home electrification that spread from 10% of households in 1905 to around 75% by the end of the 1920s (Nye, 1998: 171). Instalment selling also increasingly penetrated into other retail spaces including the department store as well as being more widely adopted by the national mail order companies Sears and Montgomery Ward (Cohn, 1940: 524-36; Emmet and Jeuck, 1950; Leach, 1993; Calder, 1999).

Until the 1930s, as Olney (1999, 2002) demonstrates, the 'conditional sale' contract form underpinning the structure of the instalment contract was heavily punitive towards consumer 'indiscipline'. Any monthly payment defaulted could result in the finance company repossessing the car to which they held title until the end of the credit period as well as retaining their retaining of the initial down payment made and whatever number of payments had been completed. As Seligman shows in the early development of such firms, the use of the conditional sale form, the specification of a one-third down payment and a six to twelve month contract period were carefully calculated contrivances to maximise revenues while playing upon what were understood to be the incentives of consumers towards repayment or default. In many ways instalment credit presupposed but also sought to nurture an economising, entrepreneurial mentality – by setting out a legal framework to govern credit consumption, individuals freely entering into such contracts could be relied upon to defend and respond to their own material interests as consumers for the benefit of the creditor. Later during the Great Depression of the 1930s, as loss rates on merchandise and mortgage loans jumped markedly, Olney cites such constraints as being the reason why losses on instalment credit were maintained at around 1-2% (1999: 325). Freedom to engage credit to bring about a resolution of consuming desire was thus predicated on particular institutional forms that both permitted and regulated the path through which that freedom was to be realised.

It would be one-dimensional, however, to contrast a traditional Puritanism dependent upon resolute self-restraint and self-government to a 'neo-Puritanism' where individuals seem unable to exert self-government in the face of consuming desire and will is submitted to the external government of bureau-legal processes. As Olney (1999) details, the early development of instalment selling was regulated legally under case law as opposed to legislation. In other words, neither the federal nor individual states sought to intervene to cohesively govern this form of credit; rather, its form developed on the basis of contracts freely entered into by individuals and the challenges and contestations they provoked in the courts under contract law. The conditional sales contract form that such credit took implied that it was not perceived, at least legally, as borrowing and so did not come under the ambit of state usury laws. Interest charges were merely the extra cost imposed for the 'convenience' of purchasing a good over time. In contrast to small loan lending, the subjective will of individuals was to be the primary basis through which such forms of credit wasto be governed – not coincidentally then was instalment selling of cars concentrated upon middle class consumers (Seligman, 1927; Cohen, 1990), those whom it was believed could be relied upon to discipline their own freedom.

Calder cites the term 'regulated abundance' to describe how individuals' flows of income are regularised by their removal from individual control and their subjection to legal-bureaucratic processes so that individuals willingly come to subject themselves and their actions to external forces. From his perspective, puritan self-denial, self-restraint and self-control in accumulating resources are subsumed by a neo-puritan budget plan restraint characterised by the external fetter and control of the contractual obligations of sale that require payment. Rather prosaically, it is argued that people need the external regulation of instalment-type credit as they would otherwise not be able to save in the conventional way for relatively expensive durable goods and would end up frittering away household resources upon less important but more easily acquired non-durable goods.

Attempting to refute Daniel Bell's argument that consumer credit embodies a disjuncture between an increasingly hedonistic cultural realm and a productive system crucially dependent upon values of discipline, self-restraint and deferred gratification, Calder observes that consumer credit embodies, in many ways, a continuation of older Puritan values so that individuals must be strict in their own personal finances and disciplined money managers within a context where this necessity is imposed upon them from without:

> The fact was – and is – that in a market crowded with sellers, if people were to purchase durable goods with lasting value they would need the authority of written contracts, the discipline of regular payments, the supervision of credit bureaucracies, and ultimately the threat of embarrassment, harassment, and repossession by bill collectors. Compared with the internal discipline of Victorian thrift, the external regimen of savings imposed by instalment credit expects less from people. But in terms of investment in durable goods, it accomplishes more. (1999: 207-8)

There is a certain sense with Calder whereby people are seen as being in awe of the paradise of an infinite array of consumption possibilities and have no option but to spend, to take advantage of emergent credit facilities for durable goods that they cannot otherwise afford and thus more or less voluntarily bow to the environmental-institutional constraints inherent to instalment credit which reign in and channel their compulsive and impulsive desires (for a rational-choice treatment of this phenomenon, see Schelling, 1980; Dresser, 1982; Elster, 1984). Yet, even with the liberalisation credit conditions automobiles during the 1920s with lower down-payments, longer repayment terms and lower rates of interest – an ostensible weakening of the external regulation governing instalment buying – credit use expanded among the middle classes and defaults, according to Olney's evidence, remained low.

The development of mass finance instalment credit among such strata recognised and acted upon a certain level of self-constraint within individuals (c.f. Elias, 1994); that they lived in relatively stable and regularised social environments where they were financially equipped to make repayments, were sufficiently foresighted to assess their current income, future income and other necessary expenditures in order to dispassionately imagine in advance the necessity of making weekly or monthly repayments until the term of their agreement expired. In expressing their will through a formal contract, individuals, were expected to rationally weigh up, in advance and over time, the benefits and costs of such an agreement, exhibit self-control in terms of their behaviour and engage in not so much deferred gratification as 'managed gratification' by subordinating short-term impulses to expend resources on other attainable goods for the immediately accessible longer-term gains of the good for which the credit agreement was contracted. Of course the actions of individuals, in their increasingly prominent role as consumers, were being shaped by external constraints but these constraints could not impose self-discipline; this could only emanate from individuals consciously imagining in advance how they would act in order to adhere to the terms of the agreement to which they had freely contracted. In essence then, individuals had to be instilled with and assume the capacity, the will to be subjected to an institutionally created repayment system within an increasingly more complex, 'organised' and interdependent society, in order to recognise the consuming benefits they felt that it would bring.

Reinventing Thrift

Benjamin Franklin, through the publication of 'Poor Richard's Almanack', had sought to encourage what Weber ([1930] 1976) has called a particular 'spirit of capitalism' which, shorn of an explicit puritan ideology, offered a moralised ethic for the living of one's life that frowned upon personal indebtedness as a threat to independence and self-sufficiency (Lasch, 1991; Tucker, 1991). Under industrialism, as Horrowitz (1985) indicates, the bourgeois habit of thrift was used as a basis for promoting industrious and disciplined habits among a growing urban labour force. In classical political economy the promotion of such a virtuous personal conduct was linked up to a wider economic wellbeing. Adam Smith ([1776] 1910), in the Wealth of Nations, emphasised how lending for production allowed capital to be employed in its own reproduction with profit from which the lender could be reimbursed. On the contrary, lending for immediate consumption engendered the 'unproductive' dissolution of wealth while repayment and interest presented a drain upon future alternate revenues. 'The man who borrows in order to spend will soon be ruined, and he who lends to him will generally have occasion to repent of his folly' (p. 313). Similarly for John Stuart Mill (1888), while credit did not represent the creation of wealth, through the activity of banking it allowed idle savings to be efficiently placed in the care of the 'industrial talent of the country' who could turn it to productive use and increase public wealth. However, in the hands of 'unproductive consumers', even though it may be repaid, credit served as a dissipation of public wealth measurable in the lost opportunity to reproduce itself and thus create value.

Such precepts through which economic expertise both discerned and helped constitute the idea of the 'economy' as a vibrant, independent sphere changed into the 20th century. As the formation of capitalism altered through innovative modes of organisation, the production of new forms and types of goods through new means of distribution and the bedding-in of a national market, economic discourse conceptualising economic activity began to shift. In the same decade that consumer instalment credit was becoming legitimated on a wider commercial scale, the economist H.G. Moulton (1918) argued against the prevailing orthodoxy of economic expertise by presenting evidence that under a complex industrial society capital formation depends not on a simple 'thrifty impulse' but on making saving available for both productive investment and sufficient consumer demand. In doing so he excoriated his expert profession for it persistent adherence to outdated assumptions and moralised posturing, 'the economist thus aspires to be more than a pure scientist; he is also a preacher of the gospel of individual economic salvation. The chief difficulty here is that in preaching so ardently we have usually forgotten to be scientific' (p. 864).

In the 1920s, the economist Edwin Seligman (1927) of Columbia University working on behalf of General Motors, published his landmark 'The Economics of Instalment Selling'. Through an analysis of credit, he attempted to deconstruct the entire economic dualism of the 'production' and 'consumption' of wealth into the all-encompassing neutral term of 'utilisation' which itself could be 'creative', 'neutral', 'wasteful' or 'destructive'. In contrast to classical economics, he reasoned from such a position that credit for consumption was not inherently degrading to wealth and neither was credit for production self-evidently beneficial; their social usefulness depended, rather, on the specific purposes to which they were put. Evans Clark, of the policy research Twentieth-Century Fund, even suggested that modern business was increasingly conceiving of the consumer 'as business men or women in their own right', who had to be constantly replenished with liquid capital in order to enable them to continue making purchases and thus sustain the markets that were being built around them (1930: 3).

German economist Ferdynand Zweig (1934) emphasised, too, the productivity-raising impetus that instalment credit had provided to the post first world war

American economy, raising the quality of working class consumption by assisting the purchase of durable goods and stimulating mass-consumption into a virtuous tandem with mass-production. Such credit even served, he believed, as a form of income redistribution through which the savings of the 'well-to-do classes' could be channelled to increase the share of income and consumption possibilities of the working class. In a simple but telling metaphor of this new elision of the 'productive' and the 'consumptive' in lending, Rolf Nugent, in analysing the position of the borrower at the end of the 1930s, imagined a consumer thinking of not 'going into debt' so much as 'expanding both sides of his balance sheet' through having the simultaneous use of the objects for which he was paying for by credit (Nugent, 1938: 44).

Within the banking industry of the 1920s, such a discursive shift in the conceptualisation of thrift connected with the programmatic language of scientific management and, more broadly, the shift of capitalist enterprise towards large scale organisation (Roe, 1965). Rather than being abandoned, thrift was revised and rearticulated from what was understood as a blind, unthinking saving to the efficient, planned management of resources: '[t]he thrift man in the age of scientific management did not skimp or hoard; rather, he planned and controlled the *use* of his financial resources. The family budget allotted amounts computed with exact precision to subsistence, pleasures, investment and, above all, saving' (p. 625). Despite severe conservatism within the industry, the Economic Policy Commission of the American Bankers Association accepted the possibility of instalment selling as a normal 'ingredient' within the economy once such credit was neither subject to individual 'abuse' nor posed a wider economic danger. To these ends, as Roe discerns, particular emphasis was given to the collation of statistics and the creation of a 'scientific formula' that would calculably regulate applicant acceptance, down payment amount and loan period. Instalment credit could thus be subject to effective direction and management to maximise its productive potential and minimise any detrimental effects.

As well as plotting the increase in the volume, proportion and prominence of advertising for credit terms by goods retailers during the 1920s, Murphy (1995) also analyses the particular way that such advertising came to project the use of credit. Rather than simply selling the goods concerned, she argues that the advertising of the time also attempted to 'sell' the idea of credit itself, employing modalities of language that represented it to individuals as a restrained, frugal and thrifty practice. The five discursive strategies she notes are the:

- favourable comparison of weekly instalments with the rhythmical habit of savings
- declaration of the dignity of particular credit plans, even how it might result in savings
- presentation of the easy affordability of instalment payments that would present 'no strain on your income'
- elevation of the productive usefulness of having immediate access to a good and the convenience of paying while using
- indication of tailored credit repayments to suit the income and savings of the individual

William H. Whyte would note a few decades later in mass society's advertising of credit that '[f]ew talents are more commercially sought today than the knack of describing departures from the Protestant Ethic as reaffirmations of it' (1956: 17). So it was that in the opening decades of the 20th century thrift proved too durable a virtue of self-government to be abandoned; it provided rather a plastic, chameleonic one that could be remoulded and re-tinted to fit a new capitalism whose profitability depended on the stimulation of consumer desire. An older bourgeois thrift of frugality and asceticism, part of a calculating and instrumental 'capitalist spirit' became subsumed into a 20th century thrift of middle class consumers that was equally, if not more, calculating and instrumental in its exhorting of 'income management' but which now emphasised the productivism, utility – and the need to discipline – the fulfilment of consumption.

$ $ $ $

The purpose of this chapter has been to analyse a selective socio-history of the different forms that credit for consumption has taken within the United States since the 19th century with the onset of industrialisation, and in doing so, attempt to interrogate the specific forms that such borrowing has taken at different historical junctures, in what ways those borrowers have been conceived and understood, how it has been thought that they have required particular forms of government and how such credit has related to the broader phenomenon of consumption. However, to speak of consumer credit is problematic. The term itself is an invention of the early 20th century, embodying not only its growth as a material reality as mainstream finance capital began to penetrate the facilitation of consuming desire but as a new discursive conception of individuals and of the money that they were increasingly able to borrow. Within this, consumption and its adjunct of credit became not only more significant in the lives of individuals but in the calculations of capitalism, the analyses of economists and the political conceits of the state.

Pawnbroking represents one of the earliest forms of personal borrowing and images of the 'Three Balls', furtive or feckless pledgers, and shelves of goods stacked in gloomy surrounds soak much of the imagination of early industrial life. Around the mid-19th century, however, as industrialisation began to take hold within America's east coast urban centres, new forms of borrowing developed around the pledge of future salary and the legal title of possessions. Secured by abstract title rather than material possession, these small lenders attempted to govern the uncertainty of repayment, the possibility of financial loss and the opportunity for profit through an assessment of the borrower's fixedness within their neighbourhood, the contrivance of legal claim, the strict temporal regulation of repayments and the coercive threat of revelation to neighbours and employers. Despite, and in some ways because of, the illegality of such lending where interest was charged typically well in excess of legislative state ceilings, some successful lenders developed into chains of small offices throughout America's major cities.

However, in the flux and turmoil of industrialisation and the discovery of 'poverty' as a 'social problem' ineradicable by the market, the phenomenon of small loan borrowing became understood as a financial and moral burden upon the workers and their families. In response, elites promulgated the philanthropic solution of remedial lending to competitively eliminate the threat that small loan lending seemed to represent by providing a cheaper source of funds that would both aid the needy and provide for the possibility of their re-moralisation through the inculcation of thrifty habits. Within the context of Progressivism, a disparate response at the turn of the century to the fragmentation and disorder of urban industrial life, a new social scientific expertise developed in relation to the problem of small loan lending. Although vilifying lenders as exploitative 'loan sharks', leading crusades to have them eliminated and championing alternative benevolent forms of borrowing such as credit unions and the remedials, these experts also recognised the intrinsic limitations of these alternatives. What they strategised instead, at the start of the new century, was a new proposed role for states in legalising and licensing commercial small lending, simultaneously providing for the needs of workers and organisationally governing the terms under which such lending took place.

From the mid-19th century, the instalment selling of consumer goods demonstrated a different set of governing practices to cash borrowing – most particularly, charges for its use were not interpreted by the courts to be a form of 'interest' and so were not subject to typical state usury restrictions. In the antebellum years, the practice of instalment selling developed among certain furniture and piano retailers who governed the uncertainty of repayment through the use of down payments, the reservation of legal title and the temporal discipline of small incremental payments. But they also relied upon the strength of will of the individual consumers who were accepted – the potentiality for such self-government being assessed and determined along class, race and gender lines. Credit thus became part of the consuming practices of elements of the middle class who were attempting to assuage desire but yet were unwilling or unable to do so without recourse to such credit.

From the 1850s, the development of the sewing machine, primarily by the Singer Company, and its retailing through a nationwide network of agents saw the first application of instalment credit by industry in the pursuit of consumer profit. The destabilising impact of this technology on the role of women and the liberal constitution of the family became articulated, in one dimension, on the fearfulness of allowing women to buy these forms of household equipment on credit due to their intrinsically impaired will which, rather than marshalling their credit use, was seen to render them vulnerable to pressures of consuming desire and the exploitative practices of peddling agents. In the final turbulent decades of the century, as instalment credit became increasingly used by workers, immigrants and Black minorities, it also became pervasively stigmatised, associated through narratives of skulduggery and exploitation, the exhibition of deficient will and an absence of freedom. From this the middle classes carefully distanced themselves.

Into the 20th century, with new forms of industrial and capitalist organisation and an increasing focus on the national market, the constant unbound regeneration of consumer desire increasingly took primacy in the calculations of profit. Particularly in the development of the mass, assembly-line produced automobile, instalment credit became re-legitimised for the realisation of desire, with mainstream finance capital of the 1920s increasingly being directed towards the personalised financing of, firstly, automobiles and soon a whole host of new consumer goods for a growing mass market. Instalment credit therefore came to provide a medium for the satisfaction of desire, locating increasing numbers of goods within the boundaries of possibility for more individuals while, at the same time, provoking a disciplining and regulation of that desire through bureaucratic-legal constraints and an emphasis upon the capacity for those individuals to regulate their own actions. In conjunction with the development of mass financing, the idea of thrift became articulated by bankers, economists and advertisers in new ways that incorporated consumer credit as a productive endeavour, an essential economic activity and as a normal component of a disciplined consumer's budget.

Chapter 2. 'It's Everywhere You Want to Be':

> Willy: Once in my life I would like to own something outright before it's broken! I'm always in a race with the junkyard! I just finished paying for the car and it's on its last legs. The refrigerator consumes belts like a goddamn maniac. They time those things. They time them so when you finally paid for them, they're used up.
>
> Arthur Miller, *Death of a Salesman*

In their new North American re-branding and marketing campaign launched in September 2005, Visa adopted the tag line 'Life Takes Visa' and deployed resonant emotional imagery, from the everyday to the spectacular, to demonstrate the possibilities of consumer empowerment through the ubiquity of their credit card. But how did Visa and its ilk come to encapsulate the idea of consumer credit, providing for the possibility of 'consumer empowerment' in the 21st century and, more importantly, what has been the significance of this process for American society and beyond?

From the 1920s onwards, as mass consumption began to attain increasing significance, new attendant forms of mass personal credit began to take root as a fundamental mechanism for its realisation. This involved not only new organisational arrangements developed through the market but also new ways of thinking about credit and its usefulness, as well as the imagining of a new role for the federal state, itself fundamentally altered by the legacy of the New Deal, for the management of this vast economic production / consumption matrix. However in the post-war era, this idea of an homogeneous standard of living growing by increments under the careful hand of the state-as-gardener began to crumble under the weight of its own ambition. In what followed, consumers were encouraged to follow their own individual path to fulfilment through an economy that became pre-eminently grounded on consumption and markets that increasingly tied profit to the virtues of self-identity, non-conformity and personal fulfilment. Simultaneously, the state's economic duty increasingly began to turn on its repudiation of the New Deal legacy, concentrating its governing energies instead on the ever greater streamlining of market efficiency in the name of consumer choice where once it had actively intervened in the interests of collective welfare.

As we shall see, Visa, Mastercard and their brethren were born to the logic of mass society, of mass mail drops, mass markets, anonymity and homogeneous terms but their later development under deregulation and new entrants, segmented markets and expansionary ownership, accelerated their role as instruments of personalised, individualised consumer fulfilment. Today, credit cards have come to be the *sine qua non* of contemporary consumerism, embodying an instantaneously deployable global payment instrument, an unconstrained, personalised credit resource, an object of aesthetic delight or ethical purpose, an access point for elevated consuming experiences and more. Yet the freer, the more personalised, the more liberated credit has become, in general, in its imbrication within the field of consumption, the more widely, and more finely information is sought and accumulated on the personalised consumption choices of individual consumers. Just as the scope of choice within the market becomes broadened and diversified for the profitable facilitation of wants and desires permanently being recalled and recast, the more centralised and technologically intensive becomes the system of surveillance designed to ensure that the endless succession of choices actually made are permanently inscribed and personally attributed.

It is this unimpeded, hyper-dynamic circulation of information between lenders and reporting agencies which is seen to be the true 'productive' heart of the economy. Through its sinuous, frictionless informational tracing of consumer credit choices, continuously produced knowledge about consumers is accumulated and disseminated in a fashion which is both cooperative and commercialised, compiled and made available to lenders and others who judge the future creditworthiness of such consumers based on their demonstrated, 'objective' capacity to do so in the past. As credit choices have become 'freer' and wider, the surveillance of those choices has become equally seamless and fluid. Freedom of choice thus depends on the accumulated, constituted ability of consumers to control that freedom over the long-term.

Mass Credit, Mass Society and their Discontents

Shifting Discourses and Economies of Consumer Credit

The early decades of the 20th century saw the United States become an increasingly economically centralised nation oriented around the systematic production of fulfilment for consuming desire, a desire experienced by individuals who were being increasingly constituted as a mass of 'consumers'. Such changes encompassed: the dissemination of the corporate organisational form; systematic mergers and the formation of giant industrial enterprises; new modes of distribution such as the spectacular department store, national chain stores and the expansion of mail order; the rise of professional and business training and accreditation in the modern university enmeshed with new forms modalities and of advertising; rising incomes and leisure time, with individuals themselves seeking meaning and fulfilment through endless cycles of pleasure and dissatisfaction that was increasingly being met and propelled by the endless calculated production of new, more and better consumer goods. Crucially, the development of new forms of mass credit, financed by specialised external finance capital, helped foster and nurture this circling trail of production and consumption by providing a medium which made possible the simultaneous realisation and disciplining of consuming desire.

Within this context, new discourses began to circulate which legitimised the new forms that consumption and credit were taking. In the 1890s, Simon Patten (1907) had espoused the morally uplifting qualities of a rising threshold of desire while in the new century, taking up this theme, Edwin Seligman (1927) challenged the age-old distinctions of production and consumption, the 'woeful poverty of economic analysis' that supported the cultural virtue of thrift as well as the understanding of luxury as inherently corruptive. Teasing out the specific mandate of his work on instalment selling, he presented the pragmatic but tantalising possibility that consumer credit was only as productive or as wasteful as the specific use to which it was put. Such a discursive shift, though, did not proceed smoothly or without challenge. During the 1920s and 30s, board members of the nation's Federal Reserve maintained a strict opposition to instalment credit which, in diverse ways, they condemned as self-indulgent and immoral, de-stabilising to commercial banks, commercially deceptive to business and an aggravating cause of the Great Depression itself (Kubik, 1996). However in the post-Second World War consumer boom, with re-conversion from war to consumer commodity production, the political rationality of Keynesianism held out the responsibilities of the state to be the facilitating of economic growth through the encouragement of mass consumption (Cohen, 2003). In a virtuous spiral, the continuous pursuit of mass commodity ownership provided for high employment, wages and productive output in the enhancement of collective social wellbeing, a process which the state sought to foster through a policy of economic interventionism through such diverse programmes as the 1946 Employment Act, aggressive defence spending, ramped up highway building projects, and the administrative organisation of the Federal Housing Administration and the Veteran's Administration insurance of homeowner mortgages (Cross, 2000). Americans were thus presented as enjoying the highest standard of living in the world, and national pride was equated with the ability of broader reaches of the population to enjoy the benefits of mass consumption.

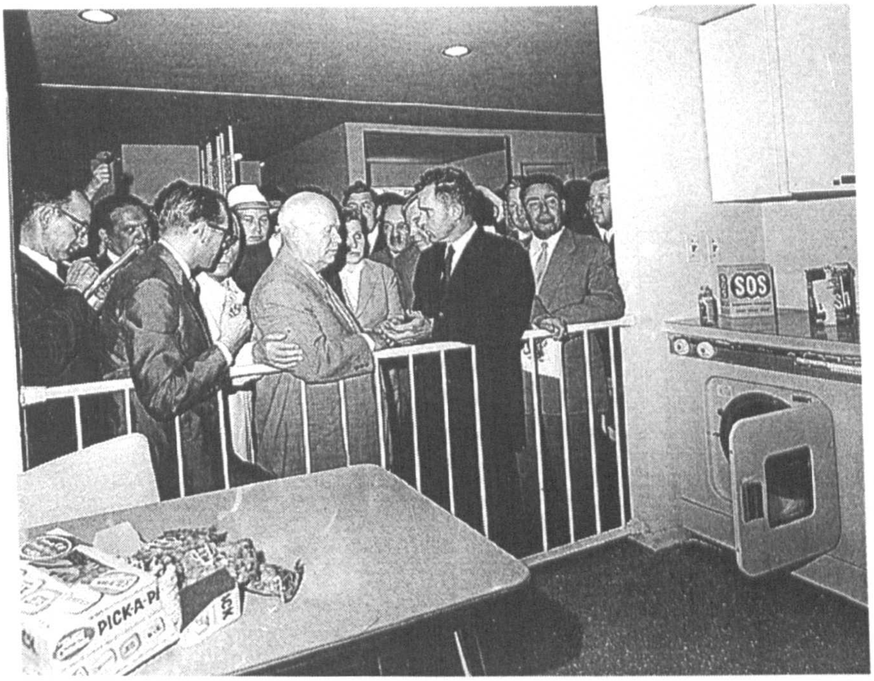


Figure 2.1 Scene from the 'Kitchen Debate', Moscow 1959. In a spontaneous interchange between Secretary Khrushchev and Vice-President Nixon held at an American exhibition in Moscow, Nixon conceded the pre-eminence of Soviet rockets but attested to the superiority of American televisions and domestic appliances that made the housewife's job easier – conflating as May (1988) notes, the American way with the American standard of living. Source: CNN Cold War Series.

As Clyde Phelps (1954), an academic economist and proselytizer for credit argued, the American standard of living was the greatest and fastest growing in the world and instalment credit was essential to its maintenance. To these ends, he presented credit use as a phenomenon not of poverty or wealth but of that 'great mass' of middle income groups who 'needed' the enjoyment and convenience of those goods whose purchase was made possible by credit. Although credit involved 'going into debt', he argued that this was offset by the equity that consumers built up in the goods that they purchased, a wealth dignified with such productivist terms as 'consumer plant', 'equipment' and 'household capital formation'. As with Seligman, production and consumption were not conceived as a dualism but as indisassociable factors in which the perpetuation of individual wellbeing was symbiotically bound to the continuation of a collective economic and social security. Within this conceptualisation of production and consumption, the individual and collective, consumer credit was seen to form a key locus point, particularly from 1950 when consumer capital expenditure was calculated as outstripping its equivalent 'producer' form for the first time (Shay, 1965: 370-1). Ultimately, as Phelps wrote, 'instalment buying has played an important part in raising living standards by helping to facilitate the rise and expansion of great new industries, creating millions of jobs, and by assisting in making possible through the economies of mass production lower prices and improved quality of consumers' durable goods' (1954: 28-9).

In the new century, materialising this changing discourse, commercial banks forsook their historical disdain for consumer lending and increasingly engaged it as a profitable avenue of activity, obliquely, as we have seen, through the capitalisation of sales-finance companies for instalment lending but also more directly through the facilitation of loans directly to consumers. The Depression was ultimately to prove a watershed moment in the conception of consumer credit provision for, as the banking system veered on a state of collapse with innumerable bank closures, only 39 consumer sales finance companies were forced to close between 1925 and 1933, with less than half involving financial losses to creditors (Plummer and Young, 1940: 66-7).

In 1928, National City Bank opened the first personal loan department in New York servicing city employees, clerks, stenographers and other office workers with cash credit at interest rates of around 12%, seen at the time as a massive blow against the travails of the salary lenders. By the end of 1930, it was facilitating double the number of personal loans of all other banks in the country combined (Clark, 1930: 74-5; Grant, 1992: 306-11). Throughout the 1930s, despite the pressures of the Depression and the scepticism of the Federal Reserve, the numbers of banks offering loans expanded from around 85 before 1925 to over 1,222 in 1938, with banks by that time offering over $196 million in such credit. When sales-finance companies are added, the total number of banks servicing consumers directly and indirectly was 1,500 with total credit outstanding amounting to $500 million (Chapman, 1940: 21-46). Commenting on the post-war era, Robert Shay (1965) could claim that the combined economic weight of consumer instalment credit had become 'strategic' to the growth of employment and national productivity by virtue of its sheer economic weight in financing consumer durable 'investment' (Shay, 1965: 379).

Consumer Credit and State Regulation, Part 1: Defending Collective Welfare

The Great Depression in the United States encouraged two significant regulatory initiatives in relation to a banking industry which, it was believed, by over-extending itself through ruinous competition and inflexibility had helped precipitate the speculative bubble which had had such disastrous consequences on the American economy (Nocera, 1994; Dymski and Veitch, 1996; Brand, 2002). The McFadden-Pepper Act of 1927 pressed responsibility onto states to regulate the banks within their borders while also prohibiting banks from operating branches outside of their home state, thus preventing behemothian regional banks from destroying their smaller counterparts. This was later reinforced in 1956 by the Bank Holding Company Act which prevented the operation of multiple banks in multiple states by a single parent holding company. The Glass-Steagall Act of 1933, on the other hand, placed severe limitations on banks from engaging in multiple business activities and also created the Federal Deposit Insurance Corporation to federally insure the savings of bank depositors. Thus in effect the state, through law, acted to directly limit banking competition, deliberately inhibiting and forcefully segmenting the market in order to preserve a stable, sustainable economy.

This regulatory bulwark not only governed the wider scope of bank activities but also served to regulate the narrower form of consumer credit practices. Although seemingly paradoxical in today's context, these statutory initiatives were part of the welfarist New Deal political rationality which shaped the post-Depression space of rule that conceived of the economy and society as dynamic totalities which could, theoretically, be governed through rational, calculated planning, thus ensuring economic and social progress without the comprising of individual autonomy and excessive state intervention (Rose, 1999b: 127-8). These initiatives did not merely mean a new role for the American federal state but tilted the balance of legislative authority away from the political heterogeneity of individual states to the homogeneity of the nation as a whole – such federal social interventionism acting, to paraphrase Dean (1999a), on a unitary body in what was understood to be the defence of a unitary domain. Without this active intervention of the state, it was calculated that the free play of the economy would escalate into a speculative boom whose grandeur would only be matched by the degradation of the inevitable slump to follow with, as had happened so dramatically in the 1930s, the infliction of permanent scarring on the face of the social body.

However, the New Deal federal state served not only to limit the scope and reach of the banks but, in one element at least, actively fostered the business of consumer lending. The Federal Housing Administration (FHA), which had been set up to administer the insurance of residential home mortgage loans and thus encourage lenders back into the business of making them, included a provision under Title I of its enabling legislation, the National Housing Act 1934, for the insurance of home improvement loans for 'repair and modernisation' (Coppock, 1940). The socialisation of risk that the FHA provided, in addition to the stated aims of reducing unemployment and costs and reinvigorating market flows, helped acclimatise lenders to the profitable opportunities inherent in consumer lending in an environment where they were secured against the unknown hazards of financial loss (Coppock, 1940: 3; Chapman, 1940: 23; Calder, 1999: 282-3). Another New Deal measure, the Electric Home and Farm Authority, sought to encourage the development of rural electrification by providing subsidised, long-term consumer instalment finance through dealerships for household electrical appliances, mainly refrigerators but also ranges, water heaters, washing machines and radios (Coppock, 1940: 115-18). Thus, in the interests of collective welfare based on promulgating employment and social stability, the diffuse New Deal state itself intervened to provide fiscal and administrative direction and support to marketised consumer credit.

During the mid decades of the century, a highly direct macro regulation of consumer credit was taken during times of perceived crisis. In the formation of the 'war economy' in the 1940s, the Federal Reserve was empowered under 'Regulation W' to set minimum down payments and maximum loan periods for all types of consumer credit, including instalment and store charge accounts, in order to dampen the threat of inflation and facilitate conversion to war production (Cole, 1988; Schreft, 1990). This was repeated in 1948 in an effort to combat post-war inflation and again in 1950 during the onset of the Korean War. Although consumer credit was conceived as a marketised mechanism for the facilitation of consumer desire, the use of terms controls established the Federal Reserve as a calculating centre from which it could temporally calibrate the opportunities of such desire – periodically adjusting the contractual terms that creditors could offer to individual consumers across a diverse space of lending – in order to defend and promote the wider collective economic security of the nation. Just as the controlled promulgation of mass consumption and credit were inextricably bound to economic growth and social harmony, during times of crisis its deliberate curbing by the state was deemed equally essential in order to curtail the corrosive menace of price inflation and, during war, to redirect the economy as a whole towards the defence of its sovereignty.

At the state level, as we have seen, instalment selling had remained outside the scope of both small loan legislation and statutory usury control due to the preponderance of court judgements that rejected the concept of instalment 'charges' as a form of interest. By the 1930s however, the introduction of several bills and acts sought to enforce some measure of control over instalment selling in order to remedy the perceived 'inequality' of bargaining power understood to be inherent to that form of contract (Greene, 1935; Reuss, 1935). By the 1950s, twelve states had passed some form of instalment selling regulation (Mors, 1950). The perceived abuses that legislation was designed to counter were: firstly, deceptive computation which presented interest in an artificially low manner and the use of 'widely varying and frequently incomprehensible formulas' to calculate interest, both of which were thought to impede the consumer from rationally deciding between credit offers; secondly, the non-disclosure of contractual terms and the incentivising of retailers by finance companies which unduly encouraged individuals to take on credit they could not afford; thirdly, wage assignments and coercive provisions for non-repayment which provided for unfair leverage over the buyer's actions by the finance company (Cavers, 1935; Reuss, 1935; Foster, 1938; Mors, 1943, 1950). In response, the various bills that were introduced formulated a concept of consumer disclosure whereby any instalment contract would be required to clearly state the cash price of the item, the down-payment amount, the unpaid balance, additional charges, the contract duration and the specific instalment amounts that were to be paid. Some also required a formal licensing of dealers and finance companies and the submission of regular reports to a central supervisory authority.

Unlike the Uniform Small Loan Law (USLL), constituted on the basis of personal borrowing as a 'social problem' stemming from the widespread exploitation of borrower indebtedness, the creation of legislation to regulate instalment borrowing was predicated on its conception as a form of 'consumer protection'. It was invoked not as a response to the spectre of urban industrial poverty afflicting labour but to the effective problem of how consumers could 'shop intelligently': 'patently the need is for a uniform, accurate, outspoken method of statement, universally applied whenever instalment credit is granted' (Foster and Foster, 1935: 190). Interestingly, Russell Sage did develop two uniform laws on instalment credit in the 1940s but achieved no success in having it passed in any state; the organisation later withdrawing from credit as a field for its activities after the war (Mors, 1950: 206). Rather than a subject who was understood as being both materially and morally vulnerable, the instalment buyer was a hampered consumer whose will was not dissolute in itself but merely weaker relative to the dealer and finance company which could command considerable administrative, legal and financial resources. By their form, rather than their quality, such individuals were understood to be impeded in the free exercise of rational choice and the free recognition of the consequences of their actions. Thus, the instalment legislation passed was based on obviating this 'inequality', not by regulating the form of operation as the USLL did but by dictating the formula of the contract within which terms were freely agreed. The state did not fix maximum amounts or legal monthly rates of interest; rather it sought to induce transparency into the transaction in such a way that the individual could readily compare market alternatives, between different instalment offers or using instalment credit at all, and pursue their own rational self-interest as a consumer.

In a certain sense, the creation of a legislative cloak of consumer protection for the instalment credit consumer demonstrates a particular cynicism held by the state in relation to the domain of the market. Its complexity, as well as the accrual of resources to finance companies due to new modes of organisation, was seen to be inherently burdensome on the individual's will and distorting to the efficacy of economic exchange. In response, states drew new lines of government towards the protection, even the privileging, of the will of the citizen-consumer constituency in the face of a loss of freedom that was no longer redeemed by but was seen to be residing within the very machinations of the market.

Mid-century, at multiple layers of the American polity, these new banking laws, provision interventions, temporal terms controls and instalment selling regulatory initiatives problematised, in a general sense, the market as being potentially destructive and dangerous to the wellbeing of society. Although the pursuit of individualised self-interest was a crucial function of the market, its exigencies and externalities were rationalised by the state (and states) in diffuse ways as being in need of a calculating and deliberative intervention in order to both dampen its self-destructive tendencies and boost its activities where these were seen to be needful of intervention in the wider interest. This form of government, as Dean (1999a) suggests, acted to enframe society in mechanisms of security that locked together the health of society with that of the economy. The autonomy of the market – of banks, finance companies, retail lenders and consumers – was penetrated while leaving them as formally autonomous actors, the present and future pursuit of individual self-interest anchored within a framework of ongoing collective welfare. With the implementation of banking laws, market subsidisation and the temporary injunction of terms controls, this collective welfare was 'society' in its broadest sense, the organic tissues of the nation which had been so wrenched through the economic turmoil of a Depression believed to have been compounded by the suicidally competitive activities of the banking sector (Brand, 2002) but which was later threatened by corrosion in the purchasing value of money. With respect to instalment selling regulations on the other hand, this welfare was a generalised constituency of credit consumers, a distinctive, concrete collective in danger of being subjugated by the growing economic power of finance companies whose sheer size was held to warp the fabric of competition.

Conformity, Identity and Consuming Self-fulfilment

In the middle part of the 20th century, mass consumption and production had become the binary pillars supporting the weight of the collective wellbeing of the nation. The superiority of this 'American way' was concretised by the fulfilment of such consumerist desires for: the latest automobile model hot off the assembly-lines of Detroit; a new Levittstown home, the mass-produced prefabricated housing constructed for the young post-war generation in the new growing suburbs of the major cities; a television, the new entertainment which bound the individual into a mass audience for the national broadcasters, and the assorted household goods from washing machines to fridge-freezers that Richard Nixon was so sure 'lightened the burden' of the housewife (Gans, 1967; May, 1988; Baldassare, 1992; Cross, 2000; Cohen, 2003).

Mass consumption, though, was predicated on mass production, the bureaucratic effectiveness of the organisation, the careful calibration of labour through group relations psychology and the regulated physics of work flow systems that insured optimal output and maximal return on capital and high wages for a workforce that formed a continuing layer of demand (Rose, 1999a). The state itself fostered a welfarist system that bound society in a web of solidarity through such diffuse programmes as state-enacted workman's compensation laws of the 1910s (see Chapter 1), the development of social security in the 1930s (Miron and Weil, 1997) and the formation of the Federal Housing Administration to administer homeowner mortgage insurance for the middle class and provide financial guarantees for the construction of multi-family housing for those on low incomes. With a national system of mortgage insurance, the state sought to directly penetrate the housing market through the administration and funding of a scheme that conjoined the subjective desires of the individual for suburban space to the protection of mortgage providers and, more indirectly, the stimulation of the home construction industry (Jackson, 1985; Caves, 1989; Carliner, 1998).

In the immediate post-war period, the development of the Employment Act of 1946 was premised on the Keynesian belief that the labour market was too crucial to be left to vagaries of capital; the state thus charged itself with the responsibility of guaranteeing full employment through the provision of appropriate fiscal expenditure (Santoni, 1986; De Long, 1996, 1998). As Klausen (2002) shows, the goals of the act enjoyed cross-party political support; with a widely held belief that demobilisation would lead to deflation and economic recession, it was widely conceived that only the pursuit of full-employment through what Weir and Skocpol (1985) have called 'commercial Keynesiansim' could prevent the inevitable onset of social dislocation.

By mid-century, mass consumption was seen to be the natural corollary of economic growth – mass production with stable full-employment and high wages fed mass consumption in a benevolent cycle that constantly pushed forward the limits of the American standard of living. Over this virtuous circle stood the state, exerting its fiscal and administrative powers to act as a 'guarantor of progress' for all, dispelling hostilities and binding the individual, the economy and society through mechanisms of solidarity (c.f. Donzelot, 1991a). As Christopher Lasch (1991) suggests, the post-war decade, characterised by the extended reach of the welfare state and the concentrated strength of American capitalism, had seemingly dissolved the dangers of poverty and gross inequality while bequeathing an unprecedented affluence across broader reaches of the population. Yet, within this ordering of society, a wide range of social critics saw considerable danger in 'the decline of individualism and the menace of conformity'; Jeremiads, who from a diversity of political positions, persistently sought to inveigh from the wings on the dangers of the so-called 'mass society'. Erich Fromm (1942) suggested that the 'mass' conditions of 20th century industrial life, of centralised capital, vast cities, complex markets and media bombardment, had alienated the individual and destroyed the possibility of individual freedom. In order to escape their sense of isolation and powerlessness, the modern individual had renounced their true individuality and had essentially ceased 'to be himself'. Directly comparing its effects to those of hypnosis, he argued that the modern individual has become nothing more than an 'automaton', the expression of any supposed individuality merely the reflexive regurgitation of wider culture, the effluent of an unthinking subjection of the self to society.

For the Critical Theorists such as Adorno and Horkheimer (1972) and Marcuse (1964), culture had been systematically and wholly penetrated by a scientifically-organised capitalism rendering it staid, homogeneous and unchanging, exploiting and dulling the workers outside the working day as much as in it. The pleasure of consuming desire, in particular, represented a set of 'false' needs imposed upon the indoctrinated and manipulated masses so penetrated by the distorted form of society that they are unable to recognise and reconcile their 'true' objective needs. Among the more popular variants of this thesis was Vance Packard's (1957) muckraking 'The Hidden Persuaders' which sought to penetrate what he saw as the carefully calculated manipulation of a witless mass audience by a cynical advertising industry armed with the latest subliminal techniques. In a more academic vein, Galbraith (1985) criticised what he saw as the excessive devotion of energies of the new 'affluent society' towards satisfying the over-productiveness of industry, the 'needs' for which had to be contrived by a burgeoning advertising industry. Such a fixation upon the private, he argued, detracted attention and resources away from the nurturing of a viable public infrastructure within which inequality could be alleviated and a more broadly conceived, more meaningful quality of life improved. In one of these celebrated and widely read social analyses of the period, sociologist William H. Whyte (1957) elaborated on the fall of the traditional individual, governed by the tenets of the Protestant ethic and the rise of what he termed 'Organisation Man' living in the 'packaged villages' of suburbia whose 'social ethic' compels his affinity and aspiration of belonging to the group as well as his belief in science to mediate the governance of group relations. For Lasch (1991), this 'Organisation Man' was symptomatic of the arrival of a new national character set that was 'outer' rather than 'inner' directed, which obsessed about fitting in with the collective and moulding every aspect of life to conform to the requirements of the organisational formula, which crafted and packaged itself as a personality as though it were 'a commodity with an assignable market value'.

Yet within the United States from the 1960s, just as these diverse critiques gathered force, the constitution of the mass consumer market that had been assembled from the end of the 19th century, reaching fruition in post-war Great Society, began to fragment:

> A broad, relatively undifferentiated approach to marketing had spurred economic growth during the 1920s and then, impressively, in the 1950s. By the end of the 1960s, however, that growth had begun to stagnate. Even more alarming was the conspicuous emergence of local and subcultural forms of expression. Many of these explored the possibility of a mode of life, and of a material culture, that looked beyond the gargantuan system of production, distribution, and merchandising that had defined the American Way of Life since the 1920s (Ewen and Ewen, 1992).

In response to languishing profits and a perceived market saturation, marketers and advertisers increasingly began to tailor the mediation of consuming desire within the framework of cultural identity. Intersecting with the rise of Black and feminist identity politics and the youth subculture movements (so feted by Marcuse), goods were increasingly imbued with symbolic qualities that appeared to resonate with such concerns, offering in turn a marketed set of values and meanings to be desired and appropriated to help give material form to the expression of a 'meaningful' sense of self (Ewen and Ewen, 1992; Cohen, 2003). Most famously, Pepsi embraced and projected the notion of the youthful 'Pepsi Generation' as a device with which to lure a new generation of consumers growing up in the midst of new countercultural times, offering a soda drink as a consumable expression of a dynamic, vital countercultural sensibility.

In analysing some of the major advertising campaigns of the 1960s, Frank (1997) demonstrates that they increasingly came to dwell upon themes of 'rock 'n roll rebellion', 'hipness' and 'authenticity' defined explicitly in opposition to a staid, conformist, manufactured mass-market. However, as Frank notes, it was not the advertisements alone which attested to a new emphasis on authenticity and creativity. Advertising agencies themselves were increasingly deconstructing their hierarchical structures to embrace new 'creative' organisational forms. The Doyle Dane Bernbach (DDB) agency, responsible for the innovative advertising campaigns for the Volkswagen Beetle that contrasted the organic simplicity and free spiritedness of the 'lovebug' to the cynical manipulation and mass-society blandness of Detroit's products, simultaneously rationalised their management structure to shorten the hierarchical chain, reduced administrative oversight to nurture an environment of creative freedom and ensured that different employees within the creative process could interact more fluidly together on project work.

As Rose (1999a) shows, this new emphasis on freeing the worker reflected wider changes in the government of the organisation which were taking shape at the time. In Minerva's Owl fashion, the pre-eminent 'Theory X' form of organisation, the arch-type of the mass society, was presented as one which enmeshed workers within a hierarchical, bureaucratic structure with defined goals and rationalised procedures.

Figure 2.2 'The Lovebug'. Volkswagen ironically enjoins the American consuming public against keeping up with the Joneses. Source: Doyle Dane Bernbach Archives.

Employees were tightly controlled as though merely factors of the productive process, in need of rigorous managerial inspection and financial incentivisation in order to elicit greater performance.

Radical organisational and management theorists, most notably Douglas McGregor (1985) in the *Human Side of Enterprise*, vilified this mode as outdated, accusing it of fostering conservatism, apathy and a deadening conformity – and ultimately lower profits and market share – in the face of a dynamic, shifting market. In contrast, they emphasised the need for a less structured, more fluid organisation form, less overbearing, less proceduralised, that would tie the creative, self-realising capacities of workers to the enhancement of the productivity, adaptability and dynamism of the organisation. Underlying this was a new perspective that 'the citizen, at work as much as outside it, is engaged in a project to shape his or her life as an autonomous individual driven by motives of self-fulfilment' (Rose, 1999a: 116). Work was no longer to be a constraint upon the freedom of the individual; it was, rather, to become a conduit for self-realisation as much as the goods that were being newly marketed for consumption (Donzelot, 1991b; Bauman, 1998a: 30-36).

It is Giddens's (1991; see also Beck, 2002: 127-38; Beck et al., 2003: 21-6) contention that under conditions of what he terms 'high' or 'late' modernity, characterised by the dynamism and fluidness of social relations, the dysjuncture of time and space through new technologies and the dis-embedding of social institutions from traditional practices, the idea of the 'self' as a reflexive project comes to the fore as the overriding mission of individuals. They are to attempt to weave a personalised narrative for themselves, to interlink their actions, choices and experiences in a deliberate and more or less coherent fashion so that 'what the individual becomes is dependent on the reconstructive endeavours in which she or he engages' (p. 75). Self-actualisation becomes the goal to strive for, if never to reach; the casting off of a perfidious 'self' which may have been imposed by the past. Bauman (1988, 1997, 1998a, 2000) too emphasises the dis-embedding qualities of contemporary social life which he ascribes to a shift towards a state of post or 'liquid' modernity, creating a crisis of identity, of meaning for individuals whose sense of place in the world has been swept away along with the authority of cultural and political elites, the work ethic, the traditional bonds of class and a societal belief in politics and political institutions. The majority of the population are now 'free' from such bonds but, in exchange, are tasked with the responsibility of self-construction, of delving into the market of symbolically redolent goods or quasi-therapeutic resources, and continually fashioning a personalised identity for the self.

Within this context, it is not what is chosen which is significant for there are no overarching guidelines determining relative values; it is rather the availability and scope of choice itself which becomes the meta-narrative of existence. Older bonds such as work remain, of course, but not so much as a source of identity within itself through the process of labour, but as a key facilitating element in one's ability to choose; work becomes, too, an aspect of identity to be judged aesthetically as any other commodity or service in its capacity to generate pleasurable experience and meaning and to be woven into broader tapestry of self-fulfilment.

In analysing the relationship between consumption, post-modernism and identity, Featherstone (1991) explores how contemporary experience has become relentlessly aestheticised, with advanced communications media 'saturating the fabric of everyday life', from market commodities to cityscapes, with an unending flow of shifting and changing signs and images deconstructing the boundaries between high and popular culture. For him, the bohemian artistic lifestyle has become universalised – no longer do individuals unthinkingly adopt ways of living, living, rather, becomes an aestheticised experience '... the new heroes of consumer culture make lifestyle a life project and display their individuality and sense of style in the particularity of their assemblage of goods, clothes, practices, experiences, appearance and bodily dispositions they design together into a lifestyle' (1991: 86). In Ewen and Ewen's (1992) words, life becomes lifestyles, a fluctuating range of choices to be made within the market, each with their own demarcated ideals of behaviour, morality and conduct. They compose amorphous templates with which to both structure and imaginatively improvise a permanent project of identity creation.

The effacement of boundaries between high and low culture, though, do not imply that class has faded in significance in terms of shaping and structuring consumption. Rather, as Bourdieu (1984) argues, new modes of hedonistic and expressive consumption are bound up in the historical formation of a new class of petite bourgeoisie. Whereas this class fraction had been traditionally concerned with a puritan 'morality of duty' which promoted ascetic self-denial as the means towards social advancement, the 'new petite bourgeoisie' takes the morality of pleasure as a duty. In popularising a framework of living previously the preserve of the intelligentsia, they adopt a permanent learning mode to life, searching for self-expression and meaning in such fields as the cultivation of personal health and the care of the body, through a preoccupation with fostering communication and intimate relations with others, and the legitimation of new styles and modes of authentic living. This new class, though, promotes not merely the latest styles and fashions but also a general interest in style itself – as Bourdieu describes it, by acting as a 'transmission belt' for consumption by presenting itself as the archetype of style and inducing other classes to be concerned not only with the products and forms of consumption it legitimises but with modes of living that inspire the search for such consuming fulfilment.

Within contemporary American society, class and levels of cultural capital continue, albeit in subtle and nuanced ways, to be important in structuring and symbolically distinguishing the consuming practices of consumers (Holt, 1997). Those classes embodying high levels of cultural capital greatly value the taste for self-actualisation and personalised narrative which may manifest in greater consumption of idealist products that emphasise 'experience' over ostentatious material satisfaction, for example, experiential ethnic dining over a posh French restaurant, and the consumption of 'de-commodified' commodities that purposefully disdain the mass market, for example local micro-brews over international beer brands. At the same time, though, lower classes with lower cultural capital tastes may not quite exhibit the same gravitation towards the pursuit of individualised, authentic lifestyles to which the higher strata are drawn (Holt, 1998).

However for elite and aspirational consumers, choice, although promulgated under the notion of 'freedom to choose', is also a constraint (Rose, 1999a). One is obliged to construct a life for oneself from the wide spectrum of choices available, to connect the choices available in every aspect of one's life to a coherent sense of one's own distinctive individuality. With the promulgation of the market and the decline of collective welfare provision as being anathema to choice, one can choose only what the market provides. One can 'choose' to live in a chic urban apartment, to drive a high performance car and eat organic vegetables but one cannot choose to build good public housing provision, efficient public transport unhindered by traffic gridlock or a natural environment unspoilt by waste and pollution. For those unable to exercise a capacity to choose, through a perceived addiction to commodities or experiences or for those unable to escape a traumatic past which haunts them and impedes their ability to cohere an identity, or those who experience choice as meaningless and the project of identity formation impossible to sustain, a proliferation of therapeutic interventions present a range of options to be chosen to restore the subject's capacity to choose (Rose, 1996b, 1999a; Reith, 2004b).

At the same time, one must understand one's life as the cumulative outcome of such choices made so that any disparity between what is and what one aspires to in the quest to find meaning and significance is as a consequence of the choices that have been made by the individual themselves. The only failure is the failure to make the right choice (Ewen and Ewen, 1992: 197). Accidents happen but their effects on the individual's life are the result of the relative efficacy of choices made: ill-health and disease, for example, are the consequences of unwise choices, of not signing up to a gym programme, of not eating five portions of fruit and vegetables or enough fibre or essential fatty acids, of not signing up to private medical insurance, of not choosing a more balanced lifestyle or a more stress-free job (O'Malley, 1996, 2000, 2004). The individual is thus made responsible for their capacity to choose and the choices that they make, both incrementally but also in terms of their accumulation in the formation of a personalised narrative of the self.

Psychographics and the Constitution of Lifestyle

The valorisation of identity over mass however was not something that was merely appropriated by consumer capitalism; new technologies of marketing like psychographics also helped constitute new ways for people to be (c.f. Hacking, 1986, 1990). As Marchand (1985) shows, market research, the use of statistics and behavioural psychology had been essential tools for capitalist firms from the early 20th century to both derive and render into thought a mass-market as a conceptual form where consuming desire could be made amenable to intervention and regulation. By the 1960s, though, consumer subjectivity of was becoming mined in innovative new ways. In Britain, as Miller and Rose (1997) show in their analysis of the Tavistock Institute, the 'psy-sciences' were becoming deployed within advertising and marketing of goods to mobilise consumers towards new possibilities of consumption. Within selling more generally, the end of the one-size-fits-all 'mass market' was being heralded by marketers who articulated the need for a segmented approach that went beyond mere demographic characteristics such as age, sex or class and entered the more complex territory of human behaviour (e.g. Mainer and Slater, 1964; Yankelovich, 1964; Brandt, 1966). Most notably, new psychographic technologies discerned and articulated a conception of the mass-market that was not differentiated so much by class, income or other traditional demographic criteria (although these overlapped in crucial ways) as by 'lifestyle' groups with common activities, attitudes, interests, aspirations, beliefs and personality attributes (Wells, 1975). In rendering the psychological topography of consumers visible in such a way, the general psychographic approach offered a mechanism for summoning and connecting the symbolic meanings of commodities to the specifically discerned desires of a defined group of consumers in order to better market to them. As Tedlow (1990: 371) remarks, marketing goods by psychographics came to tell consumers not about a product, but rather, about *themselves*.

Of course, firms had always produced different goods for different parts of the market. As we have seen earlier in Chapter 1, General Motors of the 1920s produced different cars for different income groups. Here, though, products were not so much segmented as stratified, marketed as different quantities along a single continuum of 'car', the same product of mass production, to be moulded to an appropriate and readily identifiable class stratum of mass consumption (c.f. Cohen, 2003: 294-5). However, through psychographic target marketing, consumer good manufacturers have become concerned with segment, not as a noun, but as a verb. It is they themselves who have segmented the market, imaginatively creating categories out of perceived agglomerations of attitudes where none existed before – as Tedlow adroitly observes, '[t]here was no such thing as the Pepsi Generation until Pepsi created it' (1990: 372). Crucially, segments are qualitatively different from each other, the goods produced for them are not part of a broader continuum of mass consumption but exist as distinctively different artefacts for the cultivation of a defined mode of expression. Their meanings stem, not from their symbolic qualities as constituents of a collectively defined standard of living, but from how those meanings speak to the individual's own purposeful sense of themselves.

Nevertheless, technologies such as psychographics do not imply that the materiality of class has been completely subsumed by the free-floating ephemerality of lifestyle. In the VALs system, for instance, segmented values and the possibilities of consumption still remain stubbornly grounded in the resources that people can muster – the relative affluence of 'Emulator-Achievers' conditions their compulsive shopping for exclusive brand-names to compensate for their feelings of impaired social mobility while the 'Need-Directed' are 'so busy trying to make ends meet that they really don't have time to worry about the type of beer they drink or the image projected by the cigarettes they smoke' (Meyers, 1984: 20). Moreover, as Douglas Holt (1997) has argued, the relative weakeness of VALs in marketing practice stems from its dismissal of the varied, overlapping collective contexts within which consuming practices are dynamically encountered, adopted and expressed by individual consumers.

Bourdieu (1984) suggests that such a fragmentation of consumers to specifically target-marketed groups isolates them, forcing their 'freedom' from established temporal boundaries of domestic space and family and also from 'collective defences' such as community, occupation and class which historically buffered the impact of the consuming desire stimulated within the individual by the market. The framing of consumer desire through such techniques, though, is not merely imposed bureaucratically but offered as part of a particular template for living which, over time, people can harness an affinity to in the quest for identity. Indeed, more contemporary marketing segments like 'Grey Panthers', 'Dinky' and 'Empty Nesters' have entered into popular discourse as recognisable lifestyles suggestive of particular attitudes, values and forms of consumption with which to describe others, if not oneself. Although 'invented' categories, they have inscribed consumers into the calculations of consumer enterprises in a stable and coherent way, making them susceptible to particular forms of government, and constituting them through media as cognisable forms of lifestyle to appropriate, or even identify with, in order to give expression to oneself.

However, systems of segmentation are not stable but become subject to a constant re-revision and reinvention. At the end of 1980s, for example, the VALs system was replaced by VALs 2 which divided the American population into eight segments based on new specific perceived relationships between individual attitudes and consumer purchasing practices (Piirto, 1991). One marketer, in discussing the context of segmentation, breathlessly attests to the inherent flux of contemporary production and consumption:

> Companies are using new flexible technology like computer-aided design and manufacturing and software customization to create astonishing diversity in the marketplace and society. And individuals temporarily coalescing into 'micromajorities' are making use of platforms – media, education, and the law – to express their desires (McKenna, 1991: 88)

Thus, such technologies would seem to grant only a fleeting sort of stability to the inscription of the consumer. In fact, in attempting to develop new consumer goods and services, producers may have an inherent tendency to pull apart lifestyle categories that they themselves have constructed and re-forge new ones in their place (Pahl, 1989: 714). Bauman (2000) remarks that, although contemporary identities appear to give an external solidity to one's life as a 'work of art', they are always shearing and unstable, held together by nothing more than the diaphanous ties of the consumer's chimeric desires. Ironically then, the permanent fluidity and ethereality of contemporary consumer lifestyles corralled by the pursuit of choice, the invocation of new consuming desires and new innovative means of constructing a narrative of identity become reflected in the falling out of fashion of particular segmentation methods, their updating and altering to reflect the latest values and attitudes or the arrival of competing technologies of lifestyle identification mining new data sets with novel, enhanced methodological techniques. Psychographic market segmentation is thus permanently fated to chase the tail of those fluid lifestyles it attempts to give structure to.

Plastic Credit, Plastic Lifestyles

New Way to Pay: A Brief History of the Credit Card

The mid-century United States saw the emergence of a new form of credit that has become emblematic of contemporary consumer credit and of the hegemony of consumption more generally. From the end of the 19th century, as we have discussed earlier, charge accounts had been developed in department stores as instruments of convenience for an elite clientele, gradually becoming more widespread for customers of more modest resources into the new century. By the 1930s, the Wanamaker's department store of Philadelphia modified their charge account system to incorporate an element of balance carryover for up to four months, being extended later into a fully rotating charge account by Filene's of Boston and Bloomingdale's of New York whereby customers could carry over unpaid balances from month to month. In the immediate post war period, cooperative credit ventures took place when groups of large retailers pooled their individual charge accounts into a common system in which the individual credit consumer was identified by means of a 'charga-plate' (Mandell, 1990: 34-5).

Department stores however were not the first retailers to embark on such a venture. As early as the 1920s, oil companies had issued 'courtesy' cards to frequent customers that allowed them to charge gasoline purchases at any service station of that company to a common account to be paid-off monthly. Just prior to World War 2, Standard Oil bypassed the usual policy of issuing such cards to loyal, well-known customers of particular stations and engaged in a mass, unsolicited distribution of a quarter of a million cards (p. 19).

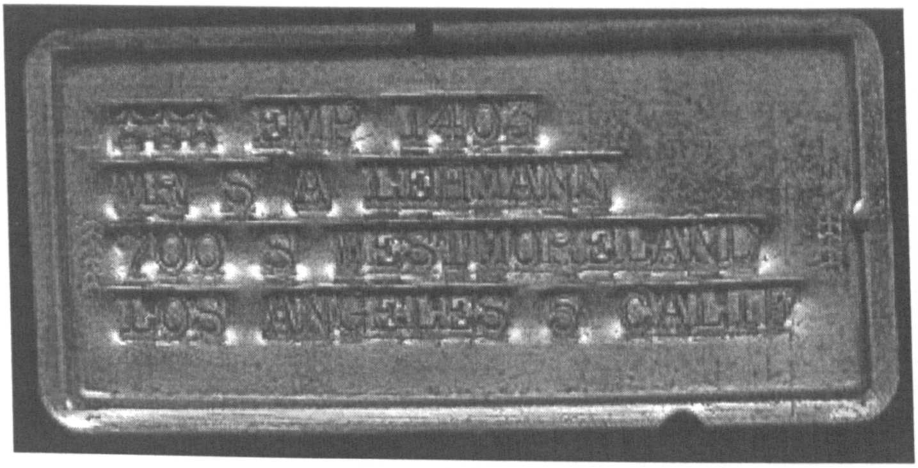


Figure 2.3 Early Californian Retail 'Charga-plate'. Source: Myvesta Foundation.

Just as the purchase of the automobile played a crucial role in advancing the mass financing technique of the instalment plan, its fuelling helped bequeath the development of a new mass financing of more ephemeral, more open-ended forms of consumption based around a mobile system of identity. By 1949 the creation of Diner's Club heralded the development of a new breed of Travel and Entertainment Card that would be joined within a decade by American Express (Amex) and Carte Blanche (Mandell, 1990; Nocera, 1994). Although maintaining a policy that accounts be paid-off within a single monthly billing cycle, these companies represented the incursion of a new outside source of capital into consumer financing. In doing so, consumer credit became divorced both from particular sites and forms of consumption; it was no longer channelled and governed through individual retailers but through specialised large-scale centralised administrative organisations determining consumer accessibility through increasingly abstract bureaucratic procedures.

At the end of the 1950s, the emergent charge cards were challenged by the setting up of revolving bank card systems (Mandell, 1990; Nocera, 1994; Manning, 2000; Chutkow, 2001). The first of these was California-based Bank of America, the then largest bank within the United States, and Chase Manhattan of New York. Bank-issued credit cards were distinguished from other types of card payment form as they offered customers a means not only of purchasing diffuse forms of consumption that was not restricted to particular retailers but of rolling-over balances from month-to-month. The arrival of the bank card extended the sophistication of the plastic credit pioneered by the Diners Club and American Express by introducing an interest element on unpaid balances that could be pushed forward indefinitely and whose level was dependent not simply upon the amounts charged by credit consumers but by the proportion of the balance paid (or unpaid) at the end of the monthly billing cycle.

However, banks faced a particular predicament that has been termed the 'chicken and egg' dilemma (Nocera, 1994). This double-bind implied that customers would only take a card which was accepted as a means of payment at a relatively large number of retailers while retailers would only sign-up as a merchant for a particular type of card if there were sufficient numbers of customers in a possession of it. They attempted to solve this by engaging in a policy of potential merchant-courting while pursuing a strategy of indiscriminate mass-mail solicitation to attract customers. The undifferentiated mass-mail drop thus characterised the early efforts of these banks that were attempting to both reach and create a mass market for a new credit form that depended upon a mass deployment for its profitability. Unlike with retailer-specific charge accounts, developed to promote sales and, to a lesser extent, ongoing loyalty, the credit card form's profits stemmed from the interest and annual fees paid by customers as well as the discount rates which retailers offered to banks in order to operate as card merchants. The banks' concerns for profitability thus became directly adhered to the maximisation of possession and usership in the facilitation of consumption, and resonated more broadly with the Keynesian state's concerns for the nurturing of economic growth through the calculable fostering of mass consumption.

By the end of 1960, there were around forty independent credit card systems across the country (Evans and Schmalensee, 1999: 63), each system servicing a particular concentrated regional area. However, the extensiveness of Bank of America's branch network within California encouraged its early pre-eminence as a credit card provider, giving access as it did to a largely concentrated, relatively affluent population base (Mandell, 1990; Chutkow, 2001). The forging of a mass market through mass mailing proved, though, an attritional process with, as Nocera records with regard to the BankAmericard effort, heavy delinquency, default and fraud proving an onerous burden on operating costs that ran at some $20 million in real terms just fifteen months after its launch (1994: 29). In 1966, Bank of America spun off its credit card into a separate company, National BankAmericard Incorporated, which offered to franchise the card brand to willing banks beyond the state boundaries of California. Although customers and merchants were recruited by local banks, with settlements organised centrally, the credit card itself began to establish itself as a nationally recognised credit facility, a brand that could facilitate consumption anywhere across the United States. The credit card thus evolved as a mass-issued but personalised credit form that increasingly mediated the possibilities of consumption beyond the boundaries of form, time and space.[1] Just as the BankAmericard spread to other states, a rival network was established by a group of East coast banks, forming the Interbank Card Association who then purchased the rights to the 'Master Charge' card brand.

Credit Cards and Self-governing Lifestyles

In significant ways, the expansion of the credit card across the United States proved a significant impulse in undermining the regulatory capacities of the state. The post-Depression governance of the market through federal statute was constructed to dampen what were perceived as the excessively competitive actions of financial institutions by restricting them to individual state boundaries. However, the expansionist ambitions of Citibank to overtake Bank of America as the largest bank in America were dependent on it being able to operate not merely within the state of New York but across a broader national stage (Nocera, 1994; Manning, 2000; Millman, 2001). As Nocera rhetorically asks, '[b]ut how could a bank "go national" and still remain within the letter of the law? That answer was credit cards. Just as the Chicago banks had once dropped credit cards in the Illinois suburbs to attract suburban customers, so could Citibank now use credit cards to try to attract customers all across the nation' (1994: 145).

Figure 2.4 'Taking Flight'. Life magazine, the popular chronicler for and off the American suburban middle class, acutely discerns the new emerging duopolistic national payment card system. Source: Life Magazine Cover Archive.

In 1977, taking advantage of BankAmericard's re-branding as the more aspirationally titled 'Visa', Citibank purchased extensive mailing lists and engaged in a programme of mass mail solicitation, issuing 3 million credit cards not only within its own state but nationwide, in doing so becoming the largest issuer of credit cards in the country.

In the 1980s, new card brands entered the market to challenge the pre-eminent Visa and Mastercard. The 'Discover Card', offering lower interest rates, a percentage 'cashback' to consumers and competitive discount rates to retailers, was established and distributed directly by long-standing mail order king Sears before being sold to money market firm Dean Witter. The venerable American Express, which had traditionally offered its product as a charge card aimed at the business user and the 'affluent', marketed its 'Optima' card which could be 'revolved' month-to-month like a bank-issued card (Ritzer, 1995; Evans and Schmalensee, 1999; Klein, 1999). In the same decade, a new breed of bank like Capital One, Providian, MBNA and First USA emerged and began to take root within the credit card market; known as 'monolines', they specialised primarily or exclusively in the offering of credit cards. These new creditors innovated new credit scoring systems and sophisticated marketing techniques, including the teaser 0% balance-transfer facility, to attract new customers, tailoring credit card features such as annual fees, credit limits and additional services to profitably solicit and administer particular types of consumer, incorporating customer responses to further refine their marketing and account management techniques (Williams, 2004: 50). As Capital One's founder remarked, 'we built an information-based company that can create an infinite number of products and put them through massive scientific testing to get down to a market of one, or mass customization' (Millman, 2001: 6). Credit cards, like the invocation of consumer desire more generally, were increasingly oriented towards, not a mass canvass of American consumers, but the inscription and cultivation of particular groups or types of individuals whose credit consumption choices were being conceived, and acted upon, as personalised, knowable expressions.

Of course, consumers will only carry cards if there are retailers willing to accept them. In the 1960s, the spread of credit card acceptance tended to be limited to smaller retail merchants, particularly in tourist areas, which did not operate their own independent credit system (Evans and Schmalensee, 1999: 130-6). By the mid-1980s, both Mastercard and Visa actively solicited acceptance from thirty high profile department stores such as Bloomingdales's and Macy's which, apart from the prestigious American Express, had not accepted any credit cards up to that time. In the 1990s, the national card brands also began to penetrate into the supermarket chains, increasing their coverage from 5% in 1991 to 90% by the end of the decade (p. 132).

During the 1980s, the credit card organisations themselves began to become concerned with their consumer image and their market positions in relation to one another. As Klein (1999) shows, the 1983 Visa marketing campaign targeted professional working women, the DINK (double-income-no-kids) 'super class' that was perceived to be emerging, and the affluent 'baby boom' generation who were seen to be entering their peak earning years during this decade. The aspiration that enveloped the campaign was one which the company hoped would foster an 'emotional bond' between the individual and their Visa card. Within television advertisements, transactions for various more or less mundane goods that become woven into an individual's or family's search for self-fulfilment are shown to be facilitated by use of their credit card. In magazine pictures, images of individuals enjoying fulfilment in unspoilt natural setting are overlaid with inspirational quotes that emphasise the infinite possibilities of discovery in the unfurling path of life. For Klein, the campaign was an attempt to locate Visa within the bounds of a personalised search for identity, to culturally associate their product, through the themes of individuality and choice, with the fulfilment of individuals' personalised desires. In a sense, Visa was projected as a product capable of realising the exercise of choice through consumption, the 'visa' for giving voice to the quest for identity.

From the 1970s, the credit card has emerged as one of the key facilitating instruments of contemporary consumption. As can be seen in figure 2.5, possession among all American households increased from around one-sixth in 1970 to over two-thirds in 1998. Although continually stratified by income, card possession increased most markedly for the lowest income groups, from a low base rising fourteen-fold to 28% while, in the same timeframe, becoming virtually ubiquitous among the economic elite (for consumer credit more generally, see Bostic, 2002). As can be seen in figure 2.6, there has also been a shift in the balance of debt held by American consumers away from instalment-type consumer loans to revolving credit facilities that characterise the credit card form. As Durkin (2000) suggests, such a shift reflects the preference of consumers for the convenience offered by 'pre-arranged' lines of credit. In addition to increasing rates of credit card possession across the population, the proportion of cardholders carrying or 'revolving' a balance forward has also increased, from 37% to 55%.

Since the 1960s the developing form of the credit card, embodying an open-ended, self-renewing credit agreement, a generic form of credit dissassociable from particular goods or retailers but encompassing the broader arena of consumption, has come to represent a malleable, personalised resource in the formation of identity through consumption. Through the credit card, individuals have come to exercise heightened levels of self-determination in terms of the credit that they engage. It becomes merged across goods purchased and across periods of time, assuming a quantified monetary form expressed and carried over time, divorced from the specific goods it finances but representing the continuous, ongoing process of consumption facilitated through the widening scope of such credit. In Daniel Klein's (1999) analysis of consumer credit and experiential consumption, he argues that the credit card has located whole new spheres of ephemeral consumption within the reach of credit financing including theme park tourism, telephone sex lines, psychic hot lines, themed hotel fantasy suites, each in their own way making marketed pleasure, meaning or affective, quasi-therapeutic advice more readily available for choosing in the consumerist inscription of the self.

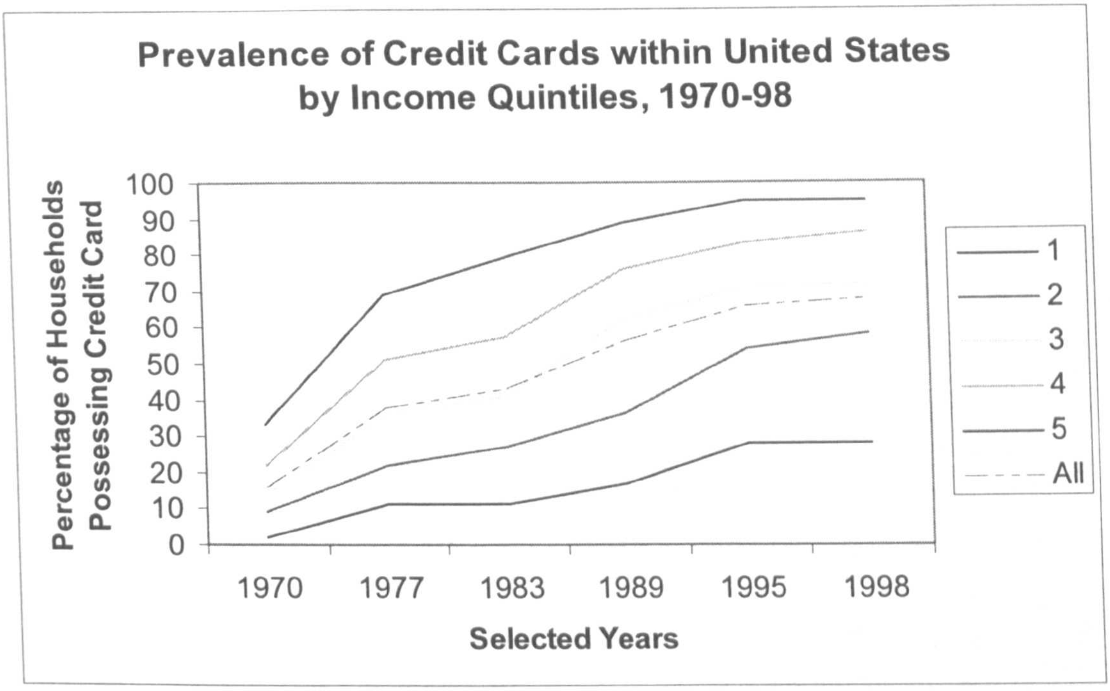


Figure 2.5
Source: Durkin, 2000

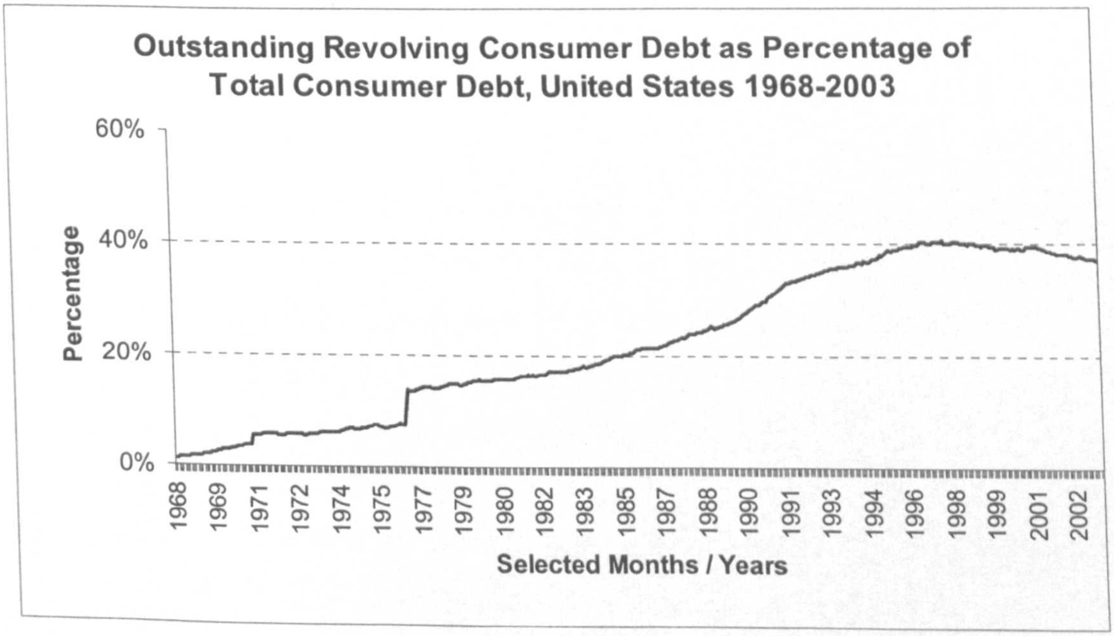


Figure 2.6
Source: Federal Reserve

The form of revolving credit demonstrated by the credit card represents a new conception of time that is characterised by its diffuseness and open-endedness in contrast to, as we have seen earlier, instalment credit's tight apportionment of time. Although a strict structure is still maintained in terms of a monthly balance statement and the apportionment of annual interest, a more fluid structure is evident in terms of there being no fixed payment required beyond an agreed minimum and an upper chargeable credit limit, which itself is negotiable and subject to periodic review. The sub-units of time framing instalment credit, as we saw in relation to automobile financing of the 1920s, were conceived as being discrete and self-contained, interlinked only in terms of being part of a broader series of steps towards final payment. The flow of funds in any one period were not inherently linked or affected by that in any other. Within this system of predictability and regularity, instalment credit represented the discrete and defined nature of desire, which was fixed upon particular objects and governed through the incremental, regulatory nature of the contract as well as the will of the individual.

However under revolving credit, although time continues to be distinctly apportioned, these units are interlinked as balances carried over time with the individual's particular actions in any period affecting future periods. As such, individuals must orient their own actions across a more complex formation of time where specific periods have consequences on others which must be taken into account within a context where the strict, apportioned teleology of instalment credit dissolves to a shifting, indefinitely time-bordered, personalised form embodying the continual lifestyle shaping actions of the individual consumer. There is no overall amount with which the agreement is concerned nor a fixed balance that remains to be paid; in their place, rather, are variable limits determined by the creditor's assessment of the ongoing creditworthiness of the consumer and constantly renewing, changing balances that build up or deplete down in tandem with the self-determined credit consumption of the individual.

Thus, the tightly structured link between amounts of time and money inherent to instalment forms of credit gives way. Although an apportioned interest rate and balances are organised monthly, credit card agreements are characterised by the loose constraints of an upper maximum ceiling (which is, in fact, variable over time) and a minimum payment amount (which is only calculated as a proportion of the overall balance). Within these terms, a free interplay takes place between time and money, shaped only by the credit user's desire and level of self-constraint in terms of the apportioning of income, expenditure, desire and ability to repay. Over an indefinite time period, the individual sets the specific terms of credit use and repayment which are as infinitely variable in formation as the individual wishes them to be.

In certain ways, credit cards embody an increasing dependence upon the self-governing capacities of consumers:

- After initial sanctioning, credit cards can be used by the credit user for unlimited numbers and types of goods across an indefinite time period as long as the maximum and minimum terms are maintained.
- No time boundaries – balances can be carried onward infinitely up to the maximum limit, which itself can be increased either automatically or subject to application by the credit user.
- No payment boundaries – individual credit users decide how much to charge to their accounts each period and how much to pay each month – whether the full balance or particular portions thereof.
- The individual can hold multiple cards from multiple banks or providers thereby creating multiple layers across which credit use has to be self-managed.
- The possibility exists for advance solicitation whereby access to credit cards are granted automatically and retrospectively without an application being made by the individual.

In discussing Keynesian economic interventionism as a strategy of government, Donzelot (1991a) remarks how it is (or was) concerned with temporal control – the regulation of economic and social time through an active fiscal and monetary policy over the course of the interminable economic cycle. Within contemporary modes of government emphasising the autonomisation of the individual, it seems almost as if such temporal responsibility passes, in part, to the individual credit card user in their process of self-government. Such individuals are made responsible for regulating their own matrical flow of purchases, borrowings and repayments over time in the stabilisation of a narrativised lifestyle continuously being crafted through consumption.

These lack of external constraints on individual action, relative to the characteristics of instalment credit, actually requires an increasing need for self-constraint as to a consumer's momentary impulses, enhanced foresight as to the consequences of their actions and an ability to increasingly manage their own behaviour, in an objective and instrumental way, over longer and more complexly interwoven periods of time. However, this dependence on individual self-government has taken place against the development of broader technologies of government operated at the level of the population. As we will explore in subsequent chapters, creditors have increasingly come to deploy large-scale data surveillance mechanisms and sophisticated risk technologies based on the statistical analysis of attributes and repayment actions to assess creditworthiness, the capability of individual consumers to freely govern their credit consumption in acceptable ways. For those unwilling or unable, access to and the autonomy of future potential credit use is restricted to varying degrees, thus inhibiting the individual's consuming choices and degrading their ability to maintain and develop an identity through the ongoing exercise of such choice (Klein, 1999: 6-9; Bernthal et al., 2005).

Commodified Credit and the Consuming Self

The 2005 Visa advertising campaign perhaps throws into relief something important about the contemporary development of the credit card. This campaign continued the aspirationalist theme of the 1983 one referred to earlier but in a manner which emphasised more the emotional bond between consumer and credit card; in the words of their advertising agency creative director Rob Schwartz, the company sought to increase its so-called 'share of heart' to match its 'share of wallet' in order to persuade consumers of Visa's potential to empower them to get 'the most out of life':

> The credit card category is rife with conventions. Brands spend a lot of money to show that because they're big, you can trust them. But big isn't enough. We're leveraging Visa's size to empower life experiences. It's not about your credit card company being big, it's about how big life can be (TBWA, 2005).

Rather than the narrativised interweaving of ostensible products and experiences or allusion to grand metaphors of freedom and self-fulfilment enabled by credit, the new campaign dwelt on both curious and spectacular experiences not necessarily consumerist within themselves but designed to resonate with the wider existential possibilities of the self. Reflecting this, the advertising messages produced sought to emphasise the 'brand' rather than the 'card'. As such, the need was felt to persuade consumers, not to get and use credit, but to feel an ongoing affinity towards the one logo among the many present on the plastic that they do or may potentially carry in a cacophonically symbol-imbued credit card market. If, as Holt argues, the 'semiotic potency' of marketed brands to give meaning to consumption is diluted the greater and more intensively they are marketed within the hyper conditions of postmodernity (1998: 21), then, as an alternative strategy of appeal, Visa sought to mask the actual market within which their credit card is offered for use.

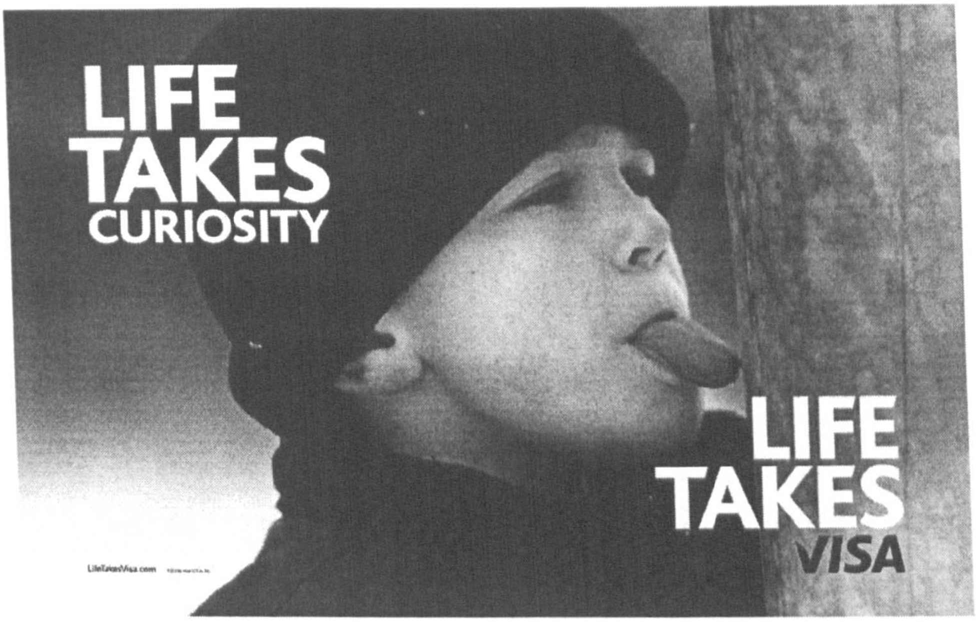
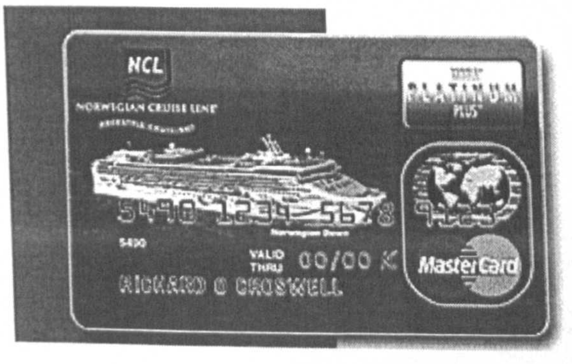


Figure 2.7 'A Tongue Sticking Life'. In their new advertising campaign, Visa forsake the attributes of payment flexibility and grand consumer aspirational metaphor to evoke the simple joys of life among those of an age unable to even apply for a credit card. Source: TBWA Advertising Agency

Ironically, the credit card does not simply represent an instrument for lifestyle generation through the expansion and facilitation of consumer desire but has, within itself, come to embody the aspects of a consumable commodity. 'Product' characteristics such as interest rates, credit lines, fees and special features like cash rebates, points and payment protection insurance allow creditors to compete with one another for market share as 'each issuer tries to get consumers to take its card, either in addition to or in place of cards from other issuers. Each issuer then tries to get consumers who have its card to charge more purchases on it and …. to carry greater balances' (Evans and Schmalensee, 1999: 210). Credit cards have thus become commodities within themselves, brands to be produced and marketed as though they were toothpaste or breakfast cereal. For instance, a 1999 survey of credit cards administered by market research firm J.D. Power carried out interviews with a sample of consumers to assess 35 'products' from 17 of the largest credit card issuers, breaking responses down by market segment – 'general/gold', 'rewards' and 'platinum' – and ranking them with a quantified score (Souccar, 1999). Consumers were assessed on their 'satisfaction' with a particular card, their use of the card and their plans for future usage. Rather than interest rate pricing, the research firm suggested that call-centre contact, contentment with billing and payment processing, and issuer reputation were the most important elements of satisfaction; in fact 'aggressive pricing' could be self-defeating as it tended to attract customers perpetually looking ahead to the next credit card offering.

The development of reward programmes on credit cards, whereby credits are accumulated over time by the user in proportion to the volume of their card purchases, provides a prudential means for credit consumers to customise and broaden the choices that they make. The most widespread form of this are varied 'points' schemes such as MBNA's 'Goldpoints', 'Worldpoints', and 'Elite Rewards' which provide the consumer with a range of free goods and services, discounts and benefits tiered according to the number of credits that have been accumulated by the individual through their card use. MBNA also offer affiliated reward schemes with specific retailers, airlines and cruise lines to provide consumers with discounts and other benefits redeemable at those particular affiliates.

Earn FREE Cruises and Stateroom Upgrades on Norwegian Cruise Line, Orient Lines, and Star Cruises!



- Earn 25 Compass Rewards Points with your first qualifying use of the card—that's 25% of the first rewards level!
- Earn 3 points for every $100 in purchases made with the card.
- Earn 4 points for every $100 in purchases made with the card for Norwegian Cruise Line products and services.

Figure 2.8 'Cruising for Credit'. Norwegian Cruise Line and MBNA bank target a particularly inclined credit card customer. From 100 points, they can enjoy a single category cabin upgrade – with up to 3000 points, they can benefit from a credit of $3000 to be redeemed against any cruise journey. The greater the number of points accumulated, the wider the scope of choice offered as their specifically tailored reward. Source: MBNA[2]

Credit card issuers also offer schemes involving cash rebates rather than redeemable points. For instance, MBNA's 'Cash Back' card offers an immediate 1% credit on application for net purchases of $2,500 while its 'Motley Fool' option offers a yearly cheque for 1% of the total volume charged to the card during the preceding twelve months.[3] Other credit card products also allow the credit user to divert such cash returns into the investment products of partner financial organisations, from federally-insured savings accounts to investment products which provide a means of savings for a child's future college tuition fees.[4] Weber ([1930] 1976) presented the spirit of modern capitalism as being born of an ascetic Protestantism which ethically condoned acquisitive activity but coupled this with a self-imposed restraint upon ostentatious consumption. From this, he argued, the impulse towards an ongoing, productive investment of capital was made possible. Within contemporary consumption, it seems as though such a puritan ethic has obtained a curious new form. Whereas it had been based on the deferment of gratification towards the ends of accumulating wealth, this contemporary version embodied in the accumulation of credit card points and rebates is based on the continuous engagement of consumer gratification. It is through one's more intensive consumption of credit, the ongoing fulfilment rather than the suppression of desire, that greater advantage is accrued. With effortless ease, then, it seems as though the credit card provides an effortless means for dissolving the temporal tensions between the desires of present and the ambitions of the future.

However, the dissolution of such tension does not make such 'saving' any less rational than before for if rationality is the ability to dispassionately calculate a means/end calculus over relatively extended periods of time, then it is the content of such rationality which has altered. In contrast with the past, it represents not an overarching orientation based on the sustained self-constraint of one's desire in order to maximise one's capital but a self-governed choice to be made among a variety of marketed options in the interests of optimising one's capacity to choose. To these ends, it is not the option of saving which is or is not chosen – for with credit card reward schemes, accumulation is automatic and contemporaneous to consumption – but the *type* of 'savings'. Ultimately what is chosen will depend on the individual credit consumer's long-term project for the self, their weaving of a particularlised narrative to create a meaningful life. Perhaps they enjoy the vicarious pleasures of catalogue browsing ('Goldpoints' can be accumulated for catalogue purchases), embracing their Irish-American identity and travelling to the 'old country' to trace their family lineage ('Aer Lingus Shamrock Rewards' can be accumulated for free flights) or possess an ethical concern about the preservation of North America's wetland habitats (an ongoing donation to which will be made on their behalf by their use of a 'Ducks Unlimited' affinity card). As a by-product of their consumer hedonism, the credit card consumer might also choose to be a prudential subject, calculating and preparing for the future not only by choosing the card with generous payment protection insurance and the latest identity theft and fraud protection features but, in the longer term, through choosing to save their cash rebate into an interest-accruing account or investing in the future lifestyle of their children by accumulating a fund for college tuition.

Meanwhile, the development of 'affinity card' programmes have made credit cards available as a more immediately distinctive element in the construction of a particular lifestyle. The leading purveyor of affinity cards, the American bank MBNA, offers cards with affiliate ties to professional organisations, students and alumni of particular universities, environmental causes, cultural organisations, charities and sports. Not only is the card personalised with the insignia of the affiliate but the bank offers particular incentives such as donations on the consumer's behalf, discounts and brand-name merchandise. On the application form for the 'Elvis Presley' card, for example, in addition to the more 'conventional' incentives such as 'worldpoints' and 0% interest on balance transfers and cash advances, potential consumers are offered:[5]

- **FREE** new authentic Elvis collectible after qualifying use(s) of your account! This is an officially licensed, signature classic 8" x 10" framed photograph of Elvis Presley -- a $60 retail value!
- Every purchase you make with the Elvis Presley Visa® credit card generates a contribution to the Elvis Presley Charitable Foundation to do good works for less fortunate and homeless people—at no additional cost to you.
- 10% off all catalog purchases, and souvenir and gift shop merchandise.
- 10% off Heartbreak Hotel® room rates and merchandise.
- 10% off Graceland Platinum Tour Admission
- **Free** parking when touring Graceland (subject to availability)

The exercise of one's entire scope of consumption through a credit card thus becomes inflected with the tint of a particularised life that the consumer desires to give form to. In doing so the consumer may be rewarded with customised, preferential choices accruing only to them and others like them who have chosen to give expression to themselves in that distinctive fashion. 'Don't you step on my blue suede shoes'.

A credit card may also become inducted as an element in a personalised, ethical mode of expression. Launched in 2006 by Bono, Irish rock star and celebrity Third World campaigner, the Product(RED) campaign represents a collective initiative by producers of 'iconic' products such as American Express, Motorola mobile phones, Armani couture and others to launch special lines of consumer products distinguished by the colour red with a (variable) portion of profits being distributed for the alleviation of HIV/Aids in Africa.[6] To these ends American Express RED, which pledges to donate the value of 1% of customer balances to the Global Fund, seductively invites consumers to 'make every purchase inc(red)ible', offering the simultaneous possibility of both consumerist fulfilment and selfless yet effortless charity. According to the British head of American Express's card business, Laurel Powers-Freeling, the intended consumer is one who thinks 'I have to spend money anyway, so if there's a way of using the power of my purse for good, great, but I don't want to give up anything to do so' (Martinson, 2006).

Figure 2.9 'The RED Revolution'. Three of the brand staples available through the RED initiative. Source: Product(RED)

Barnett et al. (2005) argue that ethical consumption, articulating an overt 'commitment or obligation towards distant or absent others' (p. 29), provides a new sphere within which consumers are governed by marketers, campaigners and policy-makers, and come to think about and act upon themselves, in their consuming choices and practices. As these authors identify, the neo-liberal implications are that responsibility and action become addressed through individuated market choice with responsibility being assumed by consumers for 'distant others' without any sense of why they might be accountable – what Beck (1992: 137) has called a 'long-distance morality'. Despite its universalistic intentions, though, Barnett et al. acknowledge the likely ways that such consumption may become bound up in the expression of economic, social and cultural divisions. Rather obviously with Amex RED, such divisions are manifest in the fact that, as a credit card, a minimum income and credit report govern the basis of its consumption. Accordingly, such ethical expression in the formation of self-identity becomes dependent on the economic and consumer capital wielded by the applicant.

With the proliferation of credit cards, the supposed 'democratisation of credit' across broader reaches of the population, creditors have come to produce new visible symbolic distinctions such as gold and platinum cards with more restrictive eligibility criteria based on income and offering higher credit limits with complementary additional services. Credit cards thus act not only as a conduit in the formation of identity but serve to illuminate that identity directly through the creditor's careful calculation of its symbolic scarcity. However, it is not simply through their rarity that they attain value. Veblen argued that conspicuous consumption was intrinsically wasteful in that it did not add to the satisfaction of ostensible needs but served to demonstrate to others the pecuniary strength of the consumer. Hierarchical cards, though, do not simply represent the strata of the individual whose name is embossed, but in a more nuanced fashion, materially represent, to others and the self, the scale and scope of choice which that individual enjoys through credit:

> Freedom to choose sets the stratification ladder of consumer society and so also the frame in which its members, the consumers, inscribe their life aspirations – a frame that defines the direction of efforts towards self-improvement and encloses the image of a 'good life'. The more freedom of choice one has, and above all the more choice one freely exercises, the higher up one is placed in the social hierarchy (Bauman, 1998a: 31).

With the possession of an exclusive credit card, though, consuming choice is not merely enhanced by the extensive credit limit that one is able to engage but by the shaping of exclusive conditions under which one's credit use is exercised. MBNA's elite 'Quantum' card, in addition to offering lines of credit of up to $1 million dollars, produces a 'frosty-looking, translucent' piece of plastic which 'looks more like an accessory than a credit card' (Lee, 2000: 11). A limited-edition version of

American Express's competing 'Centurion' card features a motif of an x-rayed, sequined, boot-clad leg produced by haute-couture fashion designer Alexander McQueen (see figure 2.10) which was unveiled at a celebrity London catwalk show as though it were the latest fashion season's offering.[7] The distinction of the symbolic properties of the physical card are not merely conferred by a quantitative rarity but by the appropriation of a culturally recognised high-fashion aesthetic that commodifies the plastic card possessed by the individual as an appropriable style element within itself.

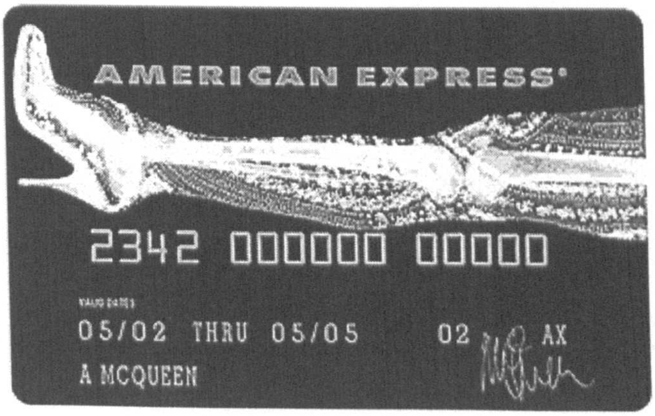


Figure 2.10 'Pull the Other One'. Alexander McQueen's exclusive design for American Express Centurion. Source: Design Week

A rewards programme offered by UBS Warburg for 'high-net-worth' customers who have charged a sufficient volume to their cards, provides for such distinguished consuming experiences as a round of golf with a professional golfer and the opportunity to design one's own wine at a commercial vineyard (Creamer, 2006). More broadly, American Express offers its platinum card holders such privileges as free upgraded airline tickets on certain airlines, complimentary access to business class airport lounges, facilities such as free breakfasts and late checkouts at selected hotels and complimentary premium-club membership at car rental agencies to 'bypass lines and paperwork, [and] go right to your waiting car'.[8] Visa's premium

'Signature' card allows card users to get dinner reservations at the most exclusive restaurants, even if they are fully-booked.[9] The eminence of choice experienced through card purchases is elevated, not only by the quantity of credit that the individual consumer can command to their will but the qualitative form such credit takes. For those whose scope of choice qualifies them, rarefied and distinguished consuming experiences become the reward for continued credit use while the potential pleasure generated by such credit use can be automatically multiplied or prolonged, or a delay in gratification eliminated, simply as of the qualified cardholder's right.

Yet, what is to be chosen? Many high-end credit cards also offer what is known as a 'concierge' service, a customer service representative who can be contacted by telephone or email to procure advice, research and assistance not only on one's card use but on anything that the card might be used to purchase. In the 19th century, Marx argued that under conditions of capitalist alienation, money, because it offers the universal property of being able to appropriate all objects, makes the qualities of those objects the possession of the individual who possesses money. As he rhetorically asked:

> I am mindless, but if money is the true mind of all things, how can its owner be mindless? What is more, he can buy clever people for himself, and is not he who has power over clever people cleverer than them. Through money I can have anything the human heart desires. Do I not therefore possess all human abilities? Does not money therefore transform all my incapacities into their opposite? (Marx, [1844b] 1975: 377)

In the 21st century, it is no longer simply the tangible amount of money that one possesses which gives form and weight to the subject under capitalist relations of production; now the same ends can be accomplished through the intangible quality of one's credit entitlements. The credit card concierge acts as a permanent counsellor to the consumer, offering the cardholder equipped with the financial means to choose but bewildered by the possibilities of what to choose or constrained by the boundaries of time and space, the wherewithal to give effect to his will to make the right choice (or neutralise the consequences of a choice that has been ill-made).

HOW CAN A PLATINUM CARD CONCIERGE HELP YOU?

Making Arrangements for Special Occasions

A Platinum Card *Concierge* helped a Card member make his son's honeymoon especially memorable by arranging for champagne and flowers to be delivered to the honeymooners' room, as well as a private beachside dinner for the couple.

Helping When You're Away from Home

A Platinum Card *Concierge* arranged for a replacement passport-in 24 hours-for a Card member who had lost his identification while he was travelling.

Shopping for Gifts and Hard-to-Find Items

A Platinum Card *Concierge* located a bracelet a Card member had seen while on vacation in Rhodes, Greece - a town with more than 100 jewellery stores.

Taking Care of Your Home

A Platinum Card *Concierge* found a housepainter to paint a Card member's Paris home, helping select the colour as well as ensuring the job was complete by the date the Card member specified.

Figure 2.11 'Consumer First Aid'. Even not being there, being careless, being forgetful and not having the time or the inclination are no longer problems for America's elite consumers. Source: American Express[10]

Consumer Credit and State Regulation, Part 2: Autonomising the Consumer

It is not simply, however, that the preoccupation with choice, the construction of the self through the formation of identity and the fulfilment of a lifestyle are the mere outcomes of a totalising shift from modernism to some variant of post-modernity. They connect in very specific ways, and provide new modalities for, new rationalities through which individuals are governed. As Miller and Rose suggest, the idea of consumer choice has been accorded a vital economic role within contemporary forms of government so that 'economies are successful to the extent they can promote this, at one and the same time, proliferating and differentiating needs, producing products aligned to them and ensuring the purchasing capacity to enable acts of consumption to occur' (1990: 25).

As argued by 'governmentality' theorists, the latter decades of the 20th century in Western societies has seen 'advanced' or 'neo'-liberalism come to replace welfare-interventionism as the dominant political rationality of government. Just as welfarism sought to transcend the externalities of liberalism characterised by self-destructive economic competition, commercial monopoly and fragmenting social bonds, neo-liberalism stemmed from a cross-political matrix of discourses that attacked the welfare state as a bureaucratic morass and the inflationary pressures produced by an active fiscal interventionism into the economy (Rose and Miller, 1992; Rose, 1993, 1996b, 1999b; Dean, 1999a). Neo-liberalism, as an assembly of ideas about how to govern, was not simply a reactivation of a classical liberalism, that is, that the state should abstain from interfering within the domain of the market. Liberalism conceived of the economy as a quasi-naturalistic sphere endowed with its own immanent logic and dynamics derived from and fulfilling the essentialised and self-referential needs of the workers, producers and consumers that participate within it and from which government must stand free. Against this, neo-liberalism envisages the market as a spontaneous social order that emerges through the development of civilisation, that is, the development of rules of learnt conduct. Markets are not somehow fundamental and ahistorical but emerge through a process of institutional, economic and cultural development (Burchell, 1993; Dean 1999a). Similarly, choice is not a product of autonomised irreducible individual interest but is a human faculty that can be manipulated and made calculable through the context within which it is made. The neo-liberal rationality of government is thus not about freeing people but about making people free. The programmes it implements concern not simply 'freeing' the market (although this is important in some respects) but about 'enabling' the market to exist in a diversity of contexts for the politically specific claim of improving 'efficiency'.

Although government becomes stripped of its social functions, it does not mean that government does not seek to intervene; on the contrary, government is compelled to promote and sustain an environment conducive to a sense of 'entrepreneurialship' on the part of its citizens. Enterprise, as a polymorphous form of activity rather than a tangible entity, figures as a permanent ethical blueprint for the promotion of the autonomous choosing individual. Such individuals are to govern their own lives, to skilfully and judiciously deploy their resources over time in order to optimise their autonomous capacity to choose and thus calculably fashion a fulfilling and meaningful life for themselves (Miller and Rose, 1990; Rose, 1996b; O'Malley, 2004). To these ends, individuals are to be 'enterprised', to have their environments acted upon in such a fashion so that they are empowered as choice-makers. In a sense, all individual action is reconceived as economic action – individuals are seen as calculating entrepreneurs of themselves who shape their own lives on a cost / benefit basis through the choices that they make. 'The political subject is now less a social citizen with power and obligations deriving from membership of a collective body, than an individual whose citizenship is to be manifested through the free exercise of personal choice among a variety of marketed options' (Rose, 1999a: 230). Government is not achieved by acting through the contracted bond of rights and obligations between the individual and society. On the contrary, the field of operation of government are the choices of the free self-determining individual, one whose freedom is not self-evident but one who must be made free through the devisement of a context within which they are free to choose (Dean, 1999a).

Legislation and statutory action by the state is crucial in the process of government for securing the alignment of other entities to the objectives of the polity (Miller and Rose, 1992: 189-90). In relation to consumer credit within the United States, new forms of state action from the 1970s have shaped the institutional context of consumer credit in a distinctly neo-liberal way, promoting the autonomy of individuals through setting the framework of possibilities for their marketised choices.

The Equal Credit Opportunity Act (ECOA) 1974, as we will explore in more detail in Chapter 3, was enacted to prohibit discrimination in credit decisions based on race, national origin, age, gender and marital status, so attempting to programme a unified field of consumers upon which credit sanctioning decisions would be decided on 'objective' grounds of creditworthiness. It explicitly sanctioned empirically validated statistical credit scoring systems as being 'fair' as long as the above characteristics were not included as analytical variables. Thus, a field of consumers was forged as a fundamental space of rule whose potential to self-realising autonomy through the medium of consumption and consumer credit was to be assured through law. Only those consumers who had shown themselves to be incapable of autonomy in the face of credit, those who were specifically uncreditworthy or excessively risky in a technical sense, were to be excluded from this right. Even in such cases it was intended by the drafters of the act that it would be of benefit by requiring that creditors disclose the reasons for refusal, with such information 'educating' malfeasant consumers on how to remedy their deficient creditworthiness (Elliehausen and Durkin, 1989: 7-8).

Of course, the act was not predicated on the fact that those of different races or ethnic origins, of different ages or genders were or are equally creditworthy or enjoy equal access to credit but by removing the explicit usage of such attributes and in sanctioning statistical risk systems which lay claim to objectivity through binding expertise and empirical derivation, this becomes explicable in terms of 'really existing' differences in creditworthiness of different groups and the autonomous self-realising potential that this implies. Encapsulating this, scoring system developers Fair Isaac declare that 'at a given score, non-minority and minority applicants are equally likely to pay as agreed'.[11] So, because risk is formulated 'objectively' from the technical arrangement of factors, the political context underlying why different groups enjoy differential access to credit is leeched leaving only the conceptualisation of creditworthiness as a measure of individual self-government.

The Community Reinvestment Act (CRA) 1977, which built upon the Home Mortgage Disclosure Act 1975, attempted to broaden access to credit by acting upon the operations of lenders. Like the ECOA, the concerns which motivated the passing of the act related to the phenomenon of 'redlining' where banks refused to make mortgage loans to those living in poor ethnic minority neighbourhoods (Schill and Wachter, 1994: 224-5; Dymski, 1999: 37-8). Through the CRA, lenders are periodically examined and rated by the particular federal agency responsible for their supervision in terms of their provision of credit to the geographic communities within which they operate including explicitly defined 'low and moderate income neighbourhoods' and adjusted to the characteristics of the lender itself, the community and the lender's competitors. The CRA rating attributed to the lender is then taken into account by those agencies when deliberating on applications for deposit facilities, mergers and acquisitions by that lender. Along the lines identified by Rose (1996b, 1999b), the ostensibly free market for consumer financial services is penetrated by calculative systems of financial control and target setting, the resultant benchmarks and indices serving to shape its operation according to the programmatic aims of the state.

Therefore, rather than engaging each and every individual within the solidarity of society and the entitlement of universal provision, the state acts to promote the exercise of individual autonomy through the nurturing of market choice in consumer credit, attempting in particular, to transform the dependency of the marginalised into a sustained freedom to choose. To these ends, the state respects the formal independence of the market and economic activity; indeed the government of free choice depends on a free market within which that choice can be realised. Nevertheless, the state operationalises its goals by 'acting at a distance' upon the lender through the principles of audit and standardised assessment, ultimately denying market freedom itself to those lenders unwilling to align themselves to its ends. However, as Peterson reports, the gap between idealised conception and programmatic reality has been wide with little or no regulatory sanctions being recorded against creditors who shirk their 'reinvestment' responsibilities (2004: 103-4).

In the latter half of the 20th century, the main plank through which the state has governed consumer credit has been the Consumer Credit Protection Act, in particular, the first title which became known as the Truth in Lending Act (TILA). The act, which endured a tortuous eight year passage through the legislature before being passed into law in 1968, had three stated aims (Rubin, 1991). The first, betraying the discursive persistence of Keynesian economic management, was to help provide economic stability by encouraging the informed use of credit; the second was to empower consumers to shop around for the most advantageous credit terms, while the third was to protect consumers from unfair and inaccurate billing. The activating mechanism deployed was that of disclosure, taking up and building upon its form within the uniform instalment sales laws that we analysed earlier but in a form which was not simply concerned with protecting the consumer but actively privileging their position within the market. Essentially, creditors were required to calculate the annual percentage rate (APR) of every credit product they marketed, that is, the cost of the credit including interest and all incidental costs, in a standardised fashion and prominently display this charge so that consumers could compare and contrast the costs of different credit products available in the market. It is perhaps no coincidence that the concept of disclosure plays significantly to the predominant neo-classical economic perspective where individual atomised preferences are pursued in markets which operate at optimal efficiency when there is 'perfect information' among buyers and sellers about prices and other market conditions (see Peterson, 2004: 118-23).

The terms of the act were intended not merely as a means of promoting a general transparency about prices within the market; rather, in a more amorphous fashion, its main purpose was perceived to lie in its effective fostering and improving of the cognitive, attitudinal and behavioural processes of consumers in relation to the efficient shopping for, and use of, credit (Durkin and Elliehausen, 2002). From a cross-political perspective it was thought that consumer 'behaviour' could be programmed in a desirable fashion, 'persuaded' rather than 'compelled' to govern itself for the maximisation of its own interest, in turn, compelling creditors to compete on terms thus increasing overall industry efficiency (Brandt and Day, 1974).

In contrast to older forms of regulation which directly regulated and channelled such economic transactions through the specification of interest limits, licensing requirements and oversight mechanisms, TILA embodied an attempt by the state to govern the transactions of consumer borrowing 'at a distance' by acting upon the self-governing propensities of consumers. Consumers were free to borrow, whenever and from whichever source these chose, but such self-interest could not be taken for granted. On the contrary, the state sought to render the exercise of choice a more efficient practice by attempting to enforce a homogenisation of a particular set of conditions within the national market for consumer credit, thus prioritising the role of the consumer. Through simplifying choice, the act of choosing could be made more efficient and so the consuming activities of individuals, involved in their personalised projects of lifestyle construction, could be enhanced and made more effective. As Rubin notes, disclosure has proven a popular technology within contemporary neo-liberal governmental programmes for acting upon the self-governing propensities of individuals, forming the backbone of such related consumer protection statutes as the 1988 Fair Credit and Charge Card Disclosure

Act and the 1991 Truth in Savings Acts as well as the regulation of other diverse areas such as securities, consumer good quality and the environment (1991: 234).

Miller and Rose (1992) suggest that programmes of government are congenitally failing operations, their messy, pragmatic and unintended reality perpetually failing to intervene in the space of rule in a fashion that faithfully represents the programmers' intentions, even to the point of producing iatrogenic effects. As a programmatic attempt to articulate a role for the state in the government of credit, TILA was subject to criticism for its ineffectiveness and its counter-productive outcomes which left creditors vulnerable to legal challenges on the basis of what were understood to be spurious technicalities of non-adherence to the letter of the law (Rubin, 1991: 236-8). In a certain sense, consumers were seen to be excessively privileged by the terms of the act to the detriment of creditors. Yet, at the same time, consumers, too, were felt to be ill-served by an act whose provisions 'were not telling them what they needed to know' (p. 238). Numerous empirical studies suggested that, rather than streaming information towards the consumer in order for them to make the best possible choice, TILA soaked the consumer in a torrent of impenetrable disclosure terms that overwhelmed their ability to discern the 'true' cost of credit and effectively compare the merits of different credit products (Jordan and Warren, 1966; Kripke, 1968; Brandt and Day, 1974; Davis, 1977). In particular, lower class consumers ill-equipped with the 'cultural capital' to interrogate lengthy legal forms and whose use of credit was governed more significantly by availability rather than price, were seen to be more than relatively disadvantaged under the terms of the act (Kripke, 1969; Worden and Sullivan, 1987).

So, just as a dearth of information might starve the basis of entrepreneurial action, a state-enforced deluge could be cloying to it, not simplifying but, on the contrary, actively hindering the free exercise of choice. In response, as Peterson reports, TILA was amended five times, in 1970, 1974, 1976 (twice) and 1978 before being completely overhauled in 1980 by the Truth in Lending Simplification and Reform Act (2004: 126). This latter act served to eliminate many of the legal problems that beset creditors while streamlining certain consumer disclosure requirements. However, almost inevitably it seems, '[t]here is little evidence ... that this present version has been any more effective in communicating information to consumers or in encouraging them to shop effectively for credit (Rubin, 1991: 239). Like the fatalism of bringing a horse to water, no governing process can successfully enforce an economically rational consumer consciousness.

What was perhaps the last gasp of an active state intervention within the market for consumer credit occurred in January 1980. Faced with the perceived wide-scale political, economic and social threats of rising double-digit inflation, the Carter administration triggered executive powers under the 1969 Credit Control Act which equipped the Federal Reserve to reduce outstanding credit and thus ease upward pressure on prices in the interests of general economic stability (Schreft, 1990; Grant, 1992; Williams, 2004). As well as limiting the lending activities of financial institutions more generally, the new measures attracted particular attention in terms of specific mechanisms that sought to control the growth of consumer credit. Indeed, in his speech announcing this new measure, President Carter made specific reference to older notions of thrift in the American citizenry, arguing that instead of saving, consumers had become conditioned to take advantage of inflation in their use of credit, their pursuit of self-interest spiralling a problem which undermined the integrity of the American economy.

However, credit controls did not simply embody a reversion to a welfare-interventionist form of government. Firstly, the controls differed from their older wartime incarnations in that instead of directly dictating minimum down payments and loan amounts, much greater emphasis was placed on voluntary restraints and the specification of depositary requirements, thus allowing financial institutions to pursue their own specific strategies to determine how credit growth would be restrained. Its mechanism of operation thus brought into play contemporary governmental 'technologies of performance' that do not seek to dictate the form of economic activity but, rather, to set goals and delegate the process of their achievement to the free play of the 'market' itself (see Dean, 1999a: 168-70). Secondly, despite the intention of raising the cost of credit extension to protect the unitary economic domain, the controls incorporated specific exemptions for smaller creditors as well as loans which were used to finance automobiles, mobile homes and mortgage loans. In fact, under the voluntary restraint element of the controls, loans to finance mortgages, car purchases and inventory financing by automobile dealers were specifically encouraged rather than limited (Schreft, 1990: 36).

If a rationality of welfare-Keynesianism envisaged a context, realisable through the fiscal and administrative capabilities of the state, within which the attainment of individual interest and the perpetuation of collective security were mutually reinforcing, then the activated terms of the Credit Control Act fell between two liberal stools in activating a state interventionism for a common wellbeing yet specifying, in a neo-liberal fashion, that consumer autonomy necessitated that certain sections of the market be beyond the scope of such an intervention. Mirroring the political discourse on the failures of the welfare state, much of the criticism which followed the initiative was the degree to which its restrictions 'harmed' consumers, particularly the most hard-pressed and vulnerable, who did not have access to alternative sources of financing. As consumers, they were being deprived of the self-realising possibilities of choosing.

Although it was anticipated by the Federal Reserve that limiting the extension of consumer credit would actually have negligible effects on combating inflation, providing supposedly a 'symbolic' component, applications for credit plummeted while retail sales as a whole slumped as the wider economy entered recession. As Schreft (1990) suggests, whether or not the regulatory controls 'caused' the recession it was believed that they did, just as their abandonment a mere six months later was held to have contributed to an immediate economic recovery. In part, by compromising the autonomy of consumers, restricting the scope of their credit and consuming choices and thus dampening their individualised projects of the self, the state had endangered, not secured, the basis of economic vitality. It was, though, not merely the particular formulation of controls that was held to have been deleterious but the very attempt at making any kind of wholesale, calculable intervention. As the Vice-Chairman of the Federal Reserve, Frederick H. Schultz suggested at the time:

> We learned in 1980 that it is exceedingly difficult to assess in advance the impact of control on economic activity. When the Board enacted its program, we did not anticipate, and we had no reason to anticipate, the market impact it would have. Given the limited coverage of the program, it would have been expected to have had a moderate effect on aggregate demand; however, we did not reckon correctly the dimensions of the psychological impact of the program on borrowers and lenders (cited in Schreft, 1990: 46).

It was not just that the actions of the state failed in this particular instance; they were, rather, fated to fail for any attempt to regulate the economy en masse in any dimension is seen to set off a chaotic series of unintended, unforeseeable consequences within and through the minds of individuals, spreading out and infecting other economic sectors until the whole arena of the economy itself becomes distorted. Like the cautionary tale of the sorcerer's apprentice, bedlam and disorder are the inevitable fruits of a well-meaning but over-determining intervention to guide the unitary economy beyond the autonomy and freedom of its participants. By 1982, the credit control powers granted to the President under the act were abolished and have not been reintroduced by Congress since.

Credit Reporting and Surveillance

During the course of the 20th century, consumer credit expanded and intensifed across the United States, incorporating specialised financial capital to create and invent new possibilities for the ongoing fulfilment of a continuously regenerated, increasingly heightened process of consumer desire. Credit, as a commercialised contractual agreement to pay for goods or repay money borrowed in the present against some temporal conception of the future, has always presented lenders with uncertainty, the possibility of profit from interest or other charges balanced against the threat or hazard of loss from non-repayment, default or delinquency. Historically, within the context of the 19^{th} century, we have seen how small loan lenders deployed invasive, bureaucratic mechanisms to locate and target borrowers, a strict, temporal arrangement of repayments and a coercive apparatus to extract payments from the unwilling and the desperate, often outside the scope of legality. Instalment sellers of various kinds have governed the repayment actions of borrowers through the bureaucratic arrangement of increments of time and flows of payments, an assessment of, and reliance upon, the subjective 'character' of the individual and the formulation of a contract binding the obligations of the borrower within a wider legalistic framework. Since the 1960s, as we have seen, most particularly with the entry of banks into direct consumer lending and the development of new forms of credit like the credit card, not only has the process of lending and borrowing money become abstracted from the context of interaction, but it has increasingly come to rely upon the self-governing capacities of individuals, their potential to regulate and control both their use of, and their repayment to, a personalised, instantly deployable, temporally unbounded form of credit.

Yet, lenders do not merely rely upon the existence of such a capacity. On the contrary, with the development and innovation of bureaucratic recording procedures, practices and commercial transactions of information sharing, circuits of computerisation, processes of information storage, retrieval and distribution between multiple lenders, service providers, collection agencies and state institutions, a shifting 'surveillant assemblage' (Haggerty and Ericson, 2000) has come into being within the domain of consumer credit. This figuration of practices not only provides a means for tracking and accounting for the actions of individual credit consumers, it has come to constitute them in particular ways, to give them meaning and salience in a form that can by readily identified and acted upon by lenders and others for their particular ends. In doing so, this assemblage has come to constitute credit consumers as a collective and as individual subjects, its logic and procedures, its storage and circulation of data, its inventions and innovations giving them a particular density and substance that is significant not only for lenders but in how credit consumers think about and act upon themselves.

A Brief History of the Credit Reporting Industry

The sharing of information on the abstract 'creditworthiness' of individuals has its antecedents in 19th century commercial trading. Madison (1974) notes how early 19th century American merchants relied upon their established personal ties with the other businessmen they dealt with in order to assess creditworthiness for deferred payment. However, higher volumes of commercial activity across greater distances due to the expanding markets of the post Civil War era, road, rail and communication infrastructural developments, and the technologically enhanced speed and volume of industrial output presented businesses with a problem of 'distance' in terms of advancing credit facilities to unknown buyers. Around this problem grew credit reporting firms such as the Mercantile Agency and R.G. Dun which were established to provide written compiled reports of commercial creditworthiness in a context where the personal relationships of old governing access to credit had been torn asunder under the march of progress.

Madison (1974) and Olegario (2002) demonstrate how despite the increased distance of commercial trade and the intervention of specialised third party reporting agencies, the formulation of written reports adhered to a localised, often significantly moral conceptualisation of 'character' in their assessments. Although traits often held multiple meanings, aspects of character related to clients by credit reporting agencies can be seen to divide into three types. These were: *personal* details which included such markers as age, marital status and ethnicity; *entrepreneurial / productivist* qualities such as approximate wealth, professional trade experience, entrepreneurial drive and perseverance; and overtly *moral* attributes like honesty, punctuality, level of personal and family extravagance or thrift, drinking or gambling vices.

Consumer bureaus, like their commercial equivalents began to emerge at the beginning of the new century within the United States as well as other countries, reflecting the greater prominence of retail consumer credit (Westin and Baker, 1972; Cole, 1988). Initially comprised of lists of 'bad debts' organised and shared between retailers on a non-profit basis or organised by trade associations in large cities, they allowed each contributor to avoid advancing credit facilities to those who had defaulted elsewhere, such people being interpreted as of intrinsically flawed character and liable to repeat their actions. In 1906, a national trade association, the National Federation of Retail Credit Agencies, was formed to both promote the industry and provide a centralised, standardised clearinghouse for exchanging credit information on consumers between cities and regions. Within the US from the 1920s and 30s, ever greater numbers of consumer reporting agencies, increasingly organised on a commercial basis and now recording the general performance of all an individual consumer's accounts as well as particular incidences of default, began to establish themselves in smaller and smaller towns, reflecting the rapid diffusion of automobile instalment finance and the progressive development of retail store instalment and charge accounts at the time. From around one hundred bureaus in 1916, membership of the national association grew to around eight-hundred in 1927 and double that by the mid-1950s, achieving collective coverage of all consumers by 1960 (Hunt, 2002: 9). However, reflecting the centralisation of credit provision in national retailers and the increasing prominence of banks in consumer lending, a centripetal process began to characterise the formation and practices of the industry in the latter half of the century.

In 1965, Credit Data Corporation (CDC) was established and, in breaking with the traditional paper filing system that had gone before, began to exploit new computer and telecommunications technologies to provide the first form of electronic access to consumer records within the wider California region as well as the major cities of the eastern seaboard (Rule et al. 1969; Westin and Baker, 1972). This shift towards computerised, high-speed access of credit records intersected with the particular demands of the large-scale banks, now concentrating on high-volume consuming lending, who were increasingly concerned with assessing creditworthiness based on the statistical distribution of pre-defined characteristics across a population of borrowers rather than creditworthiness as an individuated, subjective phenomenon. This electronic mediation of data led to new ways of inscribing the information held in credit files. Closed-ended, numeric categories detailing the 'objective' payment performance of the individual to previous creditors, incorporating such information as account types held, account status and number and severity of delinquencies, replaced such bureau formulated evaluative judgements as 'good payer', 'slow payer' which had been traditionally inscribed.

CDC was bought out in 1968 by TRW, an automobile parts and military defence contractor and from the 1970s, considerable industry consolidation occurred as lenders began to focus nationally on the marketing of consumer credit. Ultimately, three credit bureaus, deploying fully automated electronic systems of information retrieval, agglomeration and distribution have emerged as national repositories for consumer credit information, namely TRW, which later became Experian when it was bought out by British conglomerate Great Universal Stores, Equifax (a long established bureau previously known as Retail Credit) and TransUnion, (the parent company of Union Tank Car Company, a railcar leasing firm which, in a corporate strategy of diversification, acquired the Credit Bureau of Cook County in 1969) (Westin and Baker, 1972). By the 1980s, each bureau had individually attained coverage of the national population of consumers. However, smaller bureaus, often in commercial affiliation with the three nationals, have remained servicing low-volume clients or particular niche markets such as medical service providers and insurers, landlords and utility providers (Hunt, 2002: 12).

Currently, around two million credit reports are issued each day to lenders (and other parties such as landlords and insurance companies defined as having a 'permissible purpose' under the federal Fair Credit Reporting Act) who incorporate its information into sanctioning decisions as to whether to grant credit to an individual, what interest rates and other terms should be applied or to adjust the terms of a pre-existing credit account. Individually, each of the three national bureaus maintain files on around 200 million individual consumers encompassing approximately 1.5 billion credit agreements. Each bureau receives and updates their files with approximately 2 billion items of information each month from thousands of lenders and other organisations, processing the information in between one and seven days (Avery et al., 2003: 49-51).

Credit bureau records are divided into files for individual consumers and each file into five relevant categories encompassing:

- *Identifying Information*. This lists the name of the individual, known aliases, date of birth, current residential address, telephone number, previous addresses, social security number, occupation, and employer
- *Credit Account Details*. This category indicates each credit account opened and closed for the individual within the previous seven years and conveyed to the bureau, sometimes including reports submitted by medical and utility firms. Each entry is detailed with the name of the creditor, relevant dates of account activity, credit balances including limits and historical information; current status and historical status of account; description of the account including ownership (individual, associate user, co-signer), account type; purpose of the account; and the type of creditor (bank, finance company, retailer etc.)
- *Public Records*. This category details publicly recorded financial information on the individual acquired directly or from third-party processors including foreclosures, civil judgments, tax liens and bankruptcies over the previous ten years. On each entry are recorded the

date of record, type, current status, amounts, court reference number and the name of the plaintiff

- *Collection Records.* This indicates credit accounts and unpaid bills concerning the individual which have been outsourced or sold to a collection agency and reported to the bureau by them. Under each entry are recorded the collection agency, date collection was acquired, date reported, current status, amount if currently owing, and the name of the original creditor
- *Inquiry Records.* This category lists every request for the individual's credit report over the previous two years made in response to the individual's application for credit. Each entry includes the date of inquiry, type of credit for which inquiry was sought, and the name of creditor

(Avery et al., 2003)

Liquid Information, Productive Knowledge

But data generated about consumers within the consumer credit industry is not merely a by-product of capitalist activity in the pursuit of profit; it is rather perceived to be at the core of entrepreneurialism in its enablement of economic activity. Academics Fred Cate and Michael Staten, staunch advocates of information sharing, posit that 'information is the lifeblood of our 21st century economy', the free-flow of information being 'essential to providing the services, products, convenience, safety, accessibility, recognition, and low costs that consumers expect and demand' (2000: 1). The language here is significant for it is not merely that such information serves as a fixed knowledge, to be agglomerated and invested in the production of profit; on the contrary, its key beneficial attribute is its dynamism, its vitality and fluidity reflected in the use of such descriptions as 'lifeblood', 'rapid availability', and 'free-flow of data'. In a sense, the key perceived benefits of credit reporting reflect Bauman's (2000) analysis that contemporary modernity has become 'liquid', its 'solid' predecessor of sprawling factory complexes, heavy capital investment and job-for-life workforces girded by fixed political ideologies giving way to outsourced production, global capital movements, the ethereality of consumer branding and the anxieties of life-politics, therapeutics and identity formation.

According to Cate, the equation is a simple one: the rapidity and easy availability of accurate information provides the very foundation of modern consumer credit, itself fundamentally underpinning the American economy and its very 'way of life' (2002: 230). Critically, such information dynamism enables efficiency. For institutions, the circulation of data enables the diversity of the market, permitting lenders to specialise in particular credit products while having access to the full picture of data germane to the individual consumer. Information flows too, empower the possibilities of target marketing, the engineering of products, services and marketing in order to surgically locate those seams of customers whose free-floating desires can be harnessed to the purchase and consumption of these customised particulars, in the process, bypassing the prohibitive costs and resistances of the cumbersome mass market. Cate (2000) identifies, as a specific example, the emergence of new credit providers in the 1980s such as Discover and AT&T whose strategic use of credit reporting data led to their innovation of such marketised credit card features as customer rebates, no annual fees and loyalty points which shook up the static duopoly of Visa and Mastercard, fundamentally altering the 'competitive landscape' to the benefit of consumers.

The consumer interest, too, is directly served by the efficiencies produced through an unhindered credit reporting system. It means that even large loans can be gotten quickly, in 'minutes or hours' as opposed to the 'weeks or months' of a previous encumbered era. The free-flow of information, too, permits loan pooling and the sale of stocks of debt to external investors, thus constantly liquefying and replenishing the stocks of capital available to lenders for lending. The 'mobility' of credit information and the 'portability' of credit histories ensures that consumers can shop far and wide for the lowest cost credit, even at a distance from home, while increasing the number of access points to credit that all households enjoy:

> As a result, the typical U.S. household has more than twelve retail banking products scattered across more than six different financial institutions. Upper-middle-class families with two incomes hold, on average, 24 credit cards from a dozen different issuers, including retailers (Cate, 2002: 235).

The flexible distribution of accurate data is also presented as being a key impetus in the ongoing 'democratisation of credit' with lenders being increasingly more confident in their identification and acceptance of the most marginal applicants who had previously been excluded from the market. At the same time, it helps prevent unsuitable consumers from incurring loans which they will be unable to repay thus preventing damage to their general welfare (Dunkelberg et al. 1979: 11).

The credit reporting assemblage is thus a key element in enhancing the dynamism of American enterprise, not only in the sense of commercial organisation but as a mode of activity virtuously linking together the autonomous desires of individuals and households, the adaptiveness and profitability of institutional creditors and the vigour and international competitiveness of the American economy (c.f. Miller and Rose, 1990: 24-5). The efficiencies of information sharing enhance the possibilities of consuming choice – rendering it quicker, cheaper, widened, more accessible, more responsive, and more diversely suited to individual tastes. Credit reporting thus augments the autonomy and self-realising capabilities of consumers, allows the ever-shifting figuration of the market to respond to their needs, reduces the costs of borrowing and elevates the primacy of the greater exercise of choice in the pursuit of credit-enabled consumption. 'Consumer credit finances homes and cars, funds college educations, and provides the credit cards that consumers use everyday to purchase goods and services' (Cate and Staten, 2000: 9). For lenders, it allows new markets to be competed in, new innovations to be attempted, market diversity to be embraced, and risks to be encountered, managed and profited from. Ultimately, from the agglomeration of enhanced, individual choice is drawn both the 'surprising resilience' of the American economy and the concomitant 'raised standard of living for U.S. citizens'.

Technologies of Inscription

The rise of the liberal state acting upon and through the autonomy of those fundamental processes deemed exterior to itself – population, economy, society – depended on particular technological devices and discursive means for conceiving and inscribing those very processes so that they could be acted upon (Foucault, 1990, 1991; Hacking, 1990; Miller and Rose, 1990; 1992; Rose, 1993, 1999b; Dean, 1999a). Statistics, files, tabulating and recording systems and their concomitant bureaucratic systems of organisation were essential for rendering those domains into the discursive realm of government in a stable, systematic manner, to be made comprehensible and intelligible so that they could be governed in a balanced, justifiable way. In a certain sense, the state did not impose a regulatory bureaucratic regime in its transformation to liberalism; it became a liberal state more precisely through its ability to transform actions and occurrences – with the aid of 'inscription devices' and the establishment of 'centres of calculation' – at a greater and greater distance from the political heart of government into information amenable to ever greater exploitation in the act of government. As Giddens (1991) would argue, such technologies contracted the boundaries of time and space within the territory of the nation state. However, some naturalised, pre-existing reality was not simply being recorded for as Hacking (1986) has argued, that which is categorised and the process of categorisation emerge in an intertwined process. In the words of Miller and Rose with respect to the economy:

> establishing a network of conduits for the detailed and systematic flow of information from individual locales of production and trade to a centre

helped constitute a single economic domain whose constituent elements could be known and regulated 'at a distance' (1992: 186).

Discrete actions and events in relation to material production are lifted from the opacity of everyday life and made visible, and with the application of a burgeoning expert knowledge, become situated, understood and evaluated in relation to one another as coherent, dynamic economic processes permitting a reflexive, measured government intervention within the economy with such intervention, in turn, further cohering the economy as a conceptual and material reality.

The governing of individual conduct depends on what has been termed 'governing at a distance' (Miller and Rose, 1990). From the genesis of liberalism, the state has limited its unrestricted intervention within those processes deemed autonomous, coherent and outside its purview – the 'population', 'economy', 'society' as well as the minutiae of private life and everyday existence – contending instead to govern more remotely in delicate, complex and shifting alliance with other groups, sectional interests, firms and a diverse range of experts. Technologies of government therefore do not reside exclusively within the state; rather, as Foucault indicated, government should be conceived amorphously, as any attempt by authorities to act upon the conduct of others in order to shape their beliefs or actions in a particular direction (Foucault, 1983, 1991). The historical form that government takes is conditioned by a prevailing political rationality, a relatively unified discourse which problematises the space of rule in a particular way and sets forth the broad goals of what is to be achieved by government and how. A multiplicity and diverse range of programmes of government seek to act upon the conduct of individuals in numerous different sites and different ways but always in relative congruence with those contemporary prevailing political rationalities. Technologies of government, as we saw above, comprise those very material apparatuses, conventions and techniques that allow individual conduct to be made known and simultaneously acted upon towards the ends of government.

Within the sphere of accountancy for example, Miller and O'Leary (1994) explore the formation and deployment of standard costing as just such a technology within the early part of the twentieth-century. Intrinsically bound to a broader governmental imperative of enhancing 'national efficiency', and located within firms seen politically as crucial spaces for the government of the wider national economy, standard costing was utilised as a means for rendering visible and calculable the relatively proficient or wasteful actions of individuals within enterprises. Enmeshing them in financially quantifiable norms and standards that not so much uncovered but fabricated an understanding of what it meant to be efficient, standard costing provided the potential for measuring and determining efficiency not only for management but for the self-calculating workers themselves.

Inscribing the Field of Consumers

With the increased national development of an ever more extensive, national market for consumer credit during the course of the 20th century, increasingly displaced from local, particularistic sites of consumption, credit reporting itself has expanded – through a classical, centripetal process of competition and elimination – to incorporate more and more consumers at an increasingly national level, essentially forming a unified system distributed across three commercial firms. In doing so, it has come to function as a technology for inscribing the domain or space of that which is to be governed. Bureaucratically shorn of moral judgement and qualitative assessments which marked an older conception of creditworthiness intimately associated with wider notions of character, the contemporary credit reporting structure reflects, and represents an amalgamation of, those micro bureaucratic technologies of inscription existing at the level of the individual credit grantor. Through these, the creditor governs the sanctioning and repayment of lines of credit through the deployment of a bureaucratic edifice of filing, tabulation, indexing and quantitative credit control which replaces relatively personalised, character-based assessments and judgements.

From the mico-locales of the lender, the establishment of credit reporting conduits and the formation of 'calculating centres' in the databases of the national credit bureaus opens up the world of credit consumers as a reality, a reality instantiated and regenerated through the ongoing practices and commercial relationships between consumers, lenders and bureaus; a space formed through the countless recorded actions of a multitude of credit consumers, the institutional prerogatives of lenders and other organisations, the capitalist strategising of credit bureaus, and the possibilities and costs of data technologies; a domain with its own dynamism and intensity within which it becomes possible to assess and to intervene, to appraise and to govern.

Credit bureaus in their contemporary form caution that they record only 'objective' information and seek to impart no evaluative judgement on those individuals whom they maintain records on: nobody is 'good' nor 'bad'.[12] The development of such an objectivity within a developing credit market makes possible, and in turn is further strengthened by, the utilisation of electronic technologies in recording, agglomerating and distributing data. These technologies, necessary to the contemporary market of mass, high volume credit, depend for their efficiencies on the simple coding of information into yes / no binaries (e.g. credit agreement fulfilled or unfulfilled), clearly defined limited categories (e.g. types of credit agreement entered into), and quantitative scales (e.g. number of times delinquent). However, such information is not merely a neutral recording mechanism – on the contrary, its framing embodies particular expectations and understandings of that which is to be measured, and through which that which is measured is understood (Miller and Rose, 1990; Rose, 1999b). It presents each individual as an individual consumer abstracted from the social context of a household, a community, a social class or ethnicity; individuals become linked only as the voluntary co-signatories to the same recorded loan while each credit account opening and payment recorded, each collection and bankruptcy inscribes an ostensible choice that the individual has exercised, whether wisely or otherwise. For example, delinquent payments on an instalment agreement presuppose not an economic condition but an economic choice not to repay, a choice taken by an autonomous rational actor in the service of their wider atomised personal interests, perhaps as an outcome of failing to take due prudential action in light of future personal uncertainties. More generally, in the formation of an objectified history, an institutional bias disfavours those with limited or no credit histories who, unable to demonstrate a capacity to use credit, will either tend not to be given such an opportunity or will be burdened with more onerous conditions.

The production of credit information, objectivised in its formulation and construction, is essential to the systematised integration of credit reporting across the breadth of the national population. Simmel (1978) explained in relation to the emergence of the money economy that the standardised expression of value implied by modern money was essential to the facilitation of trade in foreign markets and as a means of integrating activities under an extended division of labour where trust, based on shared meaning and understanding derived from the tightly structured interaction of smaller social groups, was being increasingly displaced. Similarly, the process of instantaneously tracing creditworthiness across more extensive areas of space supplants nuance-rich, qualitative assessments based on the slowly accumulated 'tacit knowledge' of lender management (Leyshon and Thrift, 1999) with an homogenised understanding of both the meaning of creditworthiness and individuals as being creditworthy, within the context of an increasingly specialised, narrowly functional relationship between borrowers and lenders.

As Rose (1999b) has argued in relation to the significance of numbers within government, the founding of a domain of objectivity is inherently related to social developments such as enhanced population mobility and the establishment of new large-scale markets which create a meaning system residing not in the personalities of tightly bounded small social groupings but emanating from the wider intricacies of a dense web of interdependencies. In such a fashion, credit reporting has come to represent a reified conception of creditworthiness beyond the subjective, producing and reproducing the credit history of an individual not on their own terms, but only as a component of a wider constituted population. Contemporary lenders do not assess potential consumers as independent entities but as precisely identifiable elements of a wider body of some 200 million consumers. Counting the number of successful repayments made by an anonymous consumer on a precisely defined kind of credit agreement, over a definite period of time, with a tightly categorised kind of lender only produces an understanding of creditworthiness against the current and past actions of other consumers, the numbers and length of their repayments and delinquencies, and what array of loan types they use with what precisely categorised kinds of lender.

Surveillance and the Subject

In recent years, the development of computer and telecommunications mediated surveillance, of which contemporary credit reporting can be seen as part, has been understood by some social theorists to have strikingly novel consequences for the individual as a subject. In their influential article on evolving patterns of surveillance, Haggerty and Ericson (2000) argue that contemporary practices of surveillance mediated by technological networks represent amorphous 'assemblages' that capture individual bodies in particular relations of power, formatting and capturing their information flows from dispersed centres thus rendering them as flows of data that can be instantaneously reassembled and scrutinised as required. Ultimately, a 'new' body emerges, an electronic doppelganger representing the corporeal body above and beyond itself but which circulates in its place through an assortment of calculating centres for the determination of action about the individual.

Mark Poster (1990, 1996) too takes up this theme of the reconfigured subject. For him, the 'superpanopic' power of computerised databases to both instantaneously transfer and indefinitely preserve inscribed, personalised information not only leads to a disinterring of the divide between the public and the private – every private act, to pay a bill or forego child support payments instantly becoming a matter of public record – but de-centres the formation of the subject from its 'ideologically determined unity' thus rendering such modernist conceptions as public/private, consumption/production obsolete. Building on Foucault's elaboration of discourses and the constitution of subjects within relations of power, Poster suggests that the unprecedented potentiality of computer-mediated institutional databases to absorb, disseminate and reconfigure the effects of notation leads to an interpellation, within its files and data fields, of the contemporary subject in a form that is objectified, dispersed and exteriorised:

> [t]o the database, Jim Jones is the sum of the information in the fields of the record that applies to that name. So the person Jim Jones now has a new form of presence, a new subject position that defines him for all those agencies and individuals who have access to the database. The representation in the discourse of the database constitutes the subject, Jim Jones, in highly caricatured yet immediately available form' (Poster, 1996: 289).

Mass society and the sovereign individual subject thus become transformed, the former into banks of nebulous samples and markets, the latter as a 'dividual', a perpetually reconfigurable assortment of elements derived from its circulation within these wider media (Deleuze, 1992: 5). Although coining the term 'superpanopticon' to describe this process, Poster deliberately contrasts it to Foucault's conception of the panopticon as the perfected embodiment of an older disciplinary power – one that attempted to craft the individual as a 'subject', autonomous and capable of possessing a sense of self and of governing their own destiny. Taking this analysis to its postmodernist limit, Bogard (1996) suggests that these institutionally and technologically fabricated 'designer identities' are more real than the real self. In enmeshing the actions of bodies within flows of information channelled and arranged by the system's parameters, imperious to the boundaries posed by time and space, contemporary surveillance has given, or is giving, way to simulation, reality to hyper-reality. Whereas surveillance, according to Bogard, sought to uncover truth, to unmask what was real within a framework of imposing control upon subjects, simulated surveillance, paradoxically, both ensures perfect visibility and control while at the same time, disposing of that space of 'reality' as something to be known.

To take one example, a lender may discern an array of individuals from a marketing database, combine this with information acquired from their requested credit reports derived from one or more credit bureaus, channel this disparate array of data into a statistical programme which simulates what individuals may be the best, most profitable marketing prospects for its specifically tailored credit product and, equally importantly, are likely to respond to a solicitation. To these elect, a pre-approved credit offer might be targeted. As such, based on the potentialities of their dispersed, de-centred subjectivities produced through an assembly of databases and combined in a stylised fashion through the strategisation of the lender, the conduct of these individuals has been pre-emptively conducted, the field of possibilities of their choices altered before they have encountered, or even be made aware of the altered possibilities.[13] Like the criminal justice system's deployment of statistical profiling for preventative detention of the criminal, marketing may become actuarial and pre-emptive outwith the actions, choices and preferences of the individual consumer (Simon, 1987, 1988; Feely and Simon, 1992).

Rhizomatic Surveillance

Unlike that 'avalanche of numbers' which made possible the modern nation-state (see Hacking, 1990; 1991), the credit reporting system does not empower a single calculating entity at its centre. On the contrary, the calculating potential it engenders is dispersed back to those micro-locales from which it was drawn. Within this system, flows of data function not merely as instruments for surveilling credit consumers but as a commodified service which generates not only a governing potential for lenders but a profit stream for credit bureaus. Consumers are opened up and rendered visible for the purposes of individual creditors, operationalised through their autonomous choices to seek credit. Significantly, then, it is consumers themselves who implicate themselves within practices of credit reporting, whose continual conscious choices to seek and use credit voluntarily enmeshes their bodies within this surveillant assemblage. They are, as Poster notes, both the source and recorder of the data generated about them (1990: 93). Even if resistance to such practices is generated in the name of privacy, such privacy functions for the individual not as an absolute value but as Haggerty and Ericson term it, a 'shifting space of negotiation' (2000: 616). The vast majority of Americans seek credit, desire its realising potential and in doing so, contractually submit themselves to its information-distributing infrastructure despite concerns of privacy invasion and suspicion as to the motives of such a system. Perhaps, though, as Poster notes this is less a rational choice trade-off than an unconscious one, a product not of a consumer pragmatism so much as a 'complicated configuration of unconsciousness, indirection, automation, and absent-mindedness' on the part of consumers (1996: 288).

How any creditor will seek to act in order to govern consumers will be determined by its general objective of maximising profitability – but how this is realised will depend on their individual commercial strategy, particularly within a specialised, diversified market. In the past, creditors avoided those whose lack of creditworthiness was implied by their character but as creditworthiness has become functionally specific and relativised, it is no longer a fixed attribute of the individual but a shifting, variable *attribution* created within the specific context a credit transaction. Although the credit reporting infrastructure opens up a field of credit consumers, it offers only a potentiality rather than an impetus to intervention. As we shall examine in later chapters, the emergence of a technologically mediated, relatively centralised credit reporting system has been concomitant to the proliferating deployment of statistical risk scoring technologies by individual lenders. It is this risk technology, typically unique to the firm and crafted from their own localised, inscribed empirical history, feeding upon the written application for credit and the customer's credit file, which evaluates the credit seeker and represents them as a risk. Not only that, but how the customer is to be governed in light of this constituted risk is dependent upon how the firm conceives its profitability – minimising risk exposure or maximising revenues, cross-subsidising products to maximise customer acquisition or marketing to risky yet potentially profitable 'subprime' risk categories who will pay extraneous fees and higher interest rates. As Manning (2000) attests, the new 'deadbeats' for credit card companies are no longer those who skimp on their repayment obligations; it is rather those who pay-off their balance each month, incurring no interest or other charges.

Putting forward his thesis of contemporary surveillance as a 'panoptic sort', Oscar Gandy (1993), in part, posits contemporary surveillance practices as something of a continuation of older disciplinary practices now no longer constrained by the confines of space nor sight in their enforcement of the norm. In this he draws a specific parallel between the coloured epaulettes worn by the different classes of pupil of the École Militaire as described by Foucault (1979: 181-2) which entitled them to differential categories of privilege and the multicoloured American Express cards brandished by contemporary consumers enabling them with varying levels of consuming licence. Gandy's analogy is, however, flawed. The categorisation of the French pupils served as a mechanism of normalisation, the worst could aspire to higher appanages while the best were motivated to avoid the ignominies of their lower brethren. Such a system thus served to homogenise the space of government, ultimately serving to disappear under its own logic. On the contrary, the colour-coded cards that American Express offers are segmented categories that dissolve the 'mass-ness' of the mass market into identifiable segments which permit its more profitable exploitation. This logic here is one of heterogeneity not homogeneity; it aspires not to uniformity but to customisation, the rolling out of bespoke credit products precisely tailored to the characteristics of every single consumer.

There is no single gaze exercising an individualising surveillance within contemporary credit consumption. As Deleuze (1992) describes it, such practices as exemplified by credit reporting are a form of modulation, with control effected not centrally or coercively but through a matrix of shifting 'flows and transactions' between the individual subject and those activities through which he or she engages. Haggerty and Ericson (2000) deploy the descriptive adjective 'rhizomatic' to explain this form that surveillance takes, one that is expansive and regenerative but spatially unfocussed and hierarchically flattened, whose strength emanates not from its intensification of a uni-direction gaze upon the individual but by its incorporation and forging of new connections between the multitude of different circuits of technology and data within which individuals are ensconced through their everyday practices.[14]

Within credit reporting, changing and manipulable virtual identities or 'data doubles' are created through information flows, abstracting key elements from individuals and rendering them as meaningful within specific practices. Far from being 'innocent or innocuous virtual fictions', their existence and distribution do determine access to certain benefits in certain contexts (Lyon, 2003: 27). Yet, at least in this context, they do not abstract or dissolve the notion of a centred, autonomous subjectivity. On the contrary, within contemporary consumption, the centred, autonomous subject has never been stronger. Individuals are obliged to be free, to constitute a meaningful life for themselves through the deployment of their sovereign, autonomous choice within all those areas of life configured as 'markets' – shopping, work, education. Far from being disparate and fragmentary, the individual subject is tasked with exercising this choice to actively forge an ongoing cohesive narrative within and through their life. Through consumption, where credit has become established as a key mechanism for the fulfilment of desire, temporally reframing the possibilities of choice, those who sustain an engagement with credit in the consumerist pursuit of a meaningful sense of self will be those who exhibit the longest, most richly detailed, most extensive virtual selves.

Thus, an abstract data double – what I term a *credit identity* – with the widest panorama and greatest resolution of detail does not deconstruct the unity and centred-ness of the contemporary subject, at least not in the consumption of credit. On the contrary, it exists in articulation with the centred subject. On the one hand, it reflects the subject's ongoing labour to sustain itself, recording in its stylised 'objective' way each credit choice and all exhibited capacity to uphold these choices in repayment; and on the other, it provides a central resource for future credit consumption, presenting itself as a report card of the individual's capacity to self-govern, a cumulative history taken as evidence by whatever current lenders might take a commercial interest.

Rhizomatic surveillance technologies such as credit reporting can perhaps best be conceived as a means of securitising the identity of consumers at access points to consumption (Rose, 1999b: 243). The presence of a credit bureau record and its content enable creditors, on their own terms, to determine who to sanction lines of credit to, for how much and for how long. As Bauman remarks:

> ... it is the credit and marketing companies which are the main movers and users behind the database, and what they seek is to make sure that the records confirm the 'credibility' of the people on record – their reliability as clients and *choosers*, and that those incapable of choice are sifted out before damage is done or resources wasted; indeed, *being included* in the database is the prime condition of 'creditworthiness' and so is the means of access to 'the best game in town' (Bauman, 1998b: 50-1 [emphasis in original]).

Although Bauman is correct in noting that the existence of a credit record tends to be a precondition for entry to 'circuits' of consumption, the detailing of delinquencies and defaults, referrals to collection agencies for unpaid debts and court judgments within a record can serve as an agglomerated, overarching securitized identification of the individual's incapacity to govern themselves under the desires proffered by consumption and thus may potentially serve as an exclusionary marker for lenders. It is not only paucity of detail, then, which may proclaim the sclerosis of self-government.

Crucially, neither the presence nor the content of a coherent, securitised identity produced within the credit reporting assemblage are sufficient for access given that the way in which credit is accessed is diffused throughout the market and how competition and diversity within that market ensure that individual firms target different consumers in different ways. The division that Rose (1999b) charts within contemporary society between an 'included' majority empowered with the resources, capacity and self-control to exercise their freedom through consumption and an 'excluded' minority composed of 'non-consumers', 'would-be' consumers and 'flawed' consumers (see Lyon, 1994: 154) is rendered possible through the infrastructure of credit reporting. Yet the circuits of inclusion are generated not only through the shifting assembly of the consumer's credit identity but, crucially, through how lenders, in their dispersed, localised sites, strategically choose to act upon it.

Homo Economicus and Surveilling the Self

Within the US, from 1960 to 1970, three congressional committees and five state legislatures held hearings into the practices of the credit reporting industry (Westin and Baker, 1972). Reflecting growing public concern, particularly the heightened speed and scope of data distribution in the wake of computerisation, the committees focussed on such issues as the content of reports, their accuracy and completeness, procedures for disputing information held and precautions taken by the industry against unlawful access. Although the debate is often approached within the conceptual domain of privacy, it is perhaps more interesting to consider it as one of 'credit due-process' as Westin and Baker remark. As argued earlier, with the rise in the pre-eminence of the consumer and the increased government of individual conduct through consumption, the supposed deregulation of the credit industry has implied, on the contrary, a reorientation of regulation in favour of fostering the autonomy of the consumer. Rule et al. (1969), analysing the industry at the time, castigated the credit reporting process as one of intense secrecy, favouring the interests of business over those of the consumer. They called for greater transparency and oversight in the 'public interest', but a public interest not built on solidarity but on collective individualised autonomy. They note, for example, that:

> The credit file may be an indispensable condition to enjoyment of the basic material trappings of life, including one's house, automobile, home furnishings and entertainment; yet if things function smoothly, as they most often do, the existence of the file remains completely hidden (1969: 162).

There is no sense here of a unified social framework, but rather, of individual self-interest ('one's house, one's automobile') enabled by a systematic credit reporting infrastructure. What they criticise is not the existence or principle of credit reporting; on the contrary, such a system is a necessity for individual consumer self-realisation. What is at stake is its opacity and the potential negative consequences it may hold in store for some consumers – in effect, its inadequacy at sufficiently realising consumer autonomy. In such a vein, Rule et al. (1969: 162-65) chart its flaws: its dissemination of erroneous information, its mishandling of information, its failure to reflect consumer dispute with the credit provider and its inability to adequately reflect up-to-date public information. In sum, what is derided is not the existence of such a system but its inadequacies, the degree to which the virtual identities it fabricates do not adequately reflect their material counterparts. It therefore not only enables and empowers individualised consumption but can, potentially, be unreflective of consumption potential and inhibit the process of identity self-construction. For Rule et al., balance can only be restored by setting legislative margins for the industry to operate within and, most crucially, by enshrining a right of access by consumers to their own records.

Arguing from an economic libertarian perspective, Klein and Richner (1992) and Klein (2001) defend the credit reporting industry from 'misguided' government regulation (particularly of the European privacy variety) arguing, in effect, that the market has evolved an efficient means of objective and narrowly functional 'institutionalised gossip' for securing the reputation of consumers in large, complex societies. It is this system which has allowed the modern consumer credit market to flourish and from which consumers benefit through greater and cheaper availability of credit. However, their analysis reveals a distinctly neo-liberal framing. As Dean (1999a: 157-8) argues, liberalism conceives the market as an organic domain where individuals pursue their naturalised interests and whose autonomy the state must heed. However, the distinctiveness of neo-liberalism is that it problematises entrepreneurialism and competition as forms of conduct which must be nurtured through active intervention in order to allow the market to function. In such a fashion, Klein and Richner's approach takes credit seeking actions as a narrow form of economic behaviour – rather than collective wellbeing being served by the pursuit of individuals' self-governed self-interest, they see the use of credit as a form of cost/benefit practice that requires the formation of an external institution imposing costs of reputation harm:

> When credit reporting is in place, consumers have an extra incentive to pay their bills. They are eager to keep their credit report clean, for otherwise they may lose the benefits of credit. ... By enhancing accountability, credit bureaus help turn consumers into responsible individuals (Klein and Richner, 1992: 395).

The liberal subject of interest is thus dethroned in favour of the neo-liberal homo economicus as manipulable man (Gordon, 1991: 43) whose fundamental, reductionist capacity to choose must be permanently worked upon through his or her environment in order to elicit forms of acceptable conduct beneficial to the collective interest. Interestingly, it seems the subject is not presumed to be moral but must be made so through credit reporting as a 'precise and unintrusive means of social control' (Klein and Richner, 1992: 398). Perhaps their bluntest statement in this regard is in citing Robert Cole's claim that historically, when practices of credit reporting are absent, so too is the existence of consumer credit. It is thus not from the benevolence of Capital One, MBNA or Citibank that we can expect our credit card, nor is their regard for their own self-interest sufficient; rather, what is essential is the conduct shaping effects continuously imparted by an effective credit reporting mechanism that rewards the 'good' consumer with future credit and punishes the malfaisant with refusal (Klein, 2001: 326). Yet despite their disdain for state interventionism in credit reporting and abhorrence of the economic sclerotic effects imparted by the European Union privacy Directive, they implicitly support the right of American consumers to access their own credit record. Critically, responding to consumer complaints is seen not only to be a legal but a managerial necessity for it is only by the input generated by consumer queries that the reliability of credit reporting procedures can be tested and the quality of its service improved.

In 1970, the Fair Credit Reporting Act (FCRA) was passed which provided for the rights of consumers in the following ways:

- The limitation of commercial dissemination of reports to individuals or companies with a legitimate 'permissible purpose'
- To know if refusal of credit was based wholly or in part on the contents of a credit report and the details of the bureau which supplied the information
- To access one's own credit report for a 'reasonable fee' and for free in the event that the consumer was turned down for credit in light of the report
- To dispute information perceived to be inaccurate or incomplete – the bureau must investigate the complaint with the lender who provided the information and report back to the consumer, amending the record where relevant
- To have inaccurate, incomplete or unverified information removed within a 'reasonable' timeframe

- In general, information must be deleted from the report after seven years, with the exception of bankruptcy information which can be maintained for ten years

(Camden, 1988; Jentzsch, 2001: 21-3; Cate, 2002; Avery et al., 2003: 48-9).

Two subsequent amendments to the Act were introduced with the Consumer Credit Reporting Reform Act, 1996 (CCRRA) and the Fair and Accurate Credit Transactions Act, 2003 (FACTA). The first of these, the CCRRA: imposed new specific time limits of 30 days for responding to consumer requests, allowed consumers, for the first time, to query incorrect records directly with lenders in addition to credit bureaus, and specified new responsibilities on credit bureaus and lenders to distribute data amended in light of queries(Cate, 2002; Jentzsch, 2001: 24-7).

More recently FACTA, in emphasising consumer rights to question accurate but fraudulent data included on their credit files by way of 'identity theft', has amongst other provisions: granted borrowers the right to a free annual credit report from the three majors bureaus, enhanced the disclosure of consumer rights, mandated the revelation of credit scores for a fee, imposed a new duty on lenders to inform consumers of 'negative' items being reported, and required lenders to inform consumers when their credit terms were substantially less favourable than the most favourable terms available (FACTA, 2003; CFA, 2004). FACTA also mandated the Federal Trade Commission, the main government agency responsible for ensuring FCRA compliance, to produce investigative studies on identity theft security, the voluntary reporting of 'non-traditional' credit data and its effect on consumer creditworthiness, and the impact of disclosure rights on consumer queries of inaccurate or fraudulent data.

Such programmatic attempts to intervene within credit reporting can be seen as an attempt to disrupt the particularised interest of creditors and bureaus which have created a system which is simultaneously both essential and potentially detrimental to the individualised interests of consumers and their ability to be 'entrepreneurial' in their use of credit. However, rather than impeding it, the implementation of the FCRA enhanced a credit reporting assemblage essential to the increased extensiveness and intensiveness of consumer credit use more and more implicated in the facilitation of consumption practices. The expansion and agglomeration of the industry and its deployment of an advanced information retrieval, storage and distribution apparatus was both enabled and propelled by higher volumes of credit, accessed at greater speed and across a more diverse range of products, encompassing more and more individuals within a more nationally homogenous market.

In creating objectivised, functionally specific credit identities of consumers emptied of localised meaning and prejudicial, normative content within the context of an expanding market of credit and consumption, practices of credit reporting helped 'make up' such a field of consumers reality. The state, in problematising the role of economic government as one in which national prosperity and wellbeing were to be enhanced by autonomising and enterprising individuals within their consumption practices, acted through the FCRA to secure the basis of consumer self-government. The main thrust of the FCRA was the legislative assurance of consumer access to their own records generated through the credit reporting assemblage – it preserved the surveillance infrastructure underpinning the possibility of consumer choice through consumption while simultaneously elevating the rights of the consumer and imposing a duty of care on bureaus and lenders above the conditions of the contractual transaction entered into by the individual.

However, in establishing such a new right or freedom, its effect was to burden individuals with the responsibility of maintaining the accuracy of their credit identities. They were to become self-surveilling consumer subjects. Lenders and their affiliated agencies were not to be accountable for the errors that they had committed in forming virtual identities; on the contrary, individuals were to become responsible for themselves, with errors and the constituted effect of 'identity theft' being circumscribed as random, uncertain events – like illness or unemployment – which the consumer was to be conditioned to prudentially manage on their own behalf. With the establishment of technologies of inscription and the constitution of new domains, new ways are created for individuals to think about themselves (Miller and Rose, 1992; Miller and O'Leary, 1994; Rose, 1999b). Through the spread of a national credit reporting system, then, individuals came to conceive of themselves as credit users in the same way that they were conceived of as credit users by lenders and bureaus, both reflected by and strengthened through demands for record disclosure, and thus establishing as Miller and Rose (1992: 87) argue, calculating selves enmeshed within circuits of calculation.

Therefore, through the terms of legislation, individuals as consumers and credit users were to be governed to consider the 'objective' content and possible consequences of their objectivised credit identity for their sustained access to credit and the consumption potential offered. They were to view their access to credit as a generalised function of their abilities to 'responsibly' adhere to their repayment obligations on a multitude of dutifully recorded credit agreements, to accept negative but accurate information as the justified outcome and reflection of their own faulty choices or overzealousness in credit use, and to see inaccuracies as a systemic imposition which they were obligated to challenge and remedy in the pursuit of maximising their own consumption potential. Above all else, they were to avoid the consumer suicide of bankruptcy – the ultimate dissolution of one's self-governing entrepreneurial potential in the eyes of lenders. The legislative shaping of credit reporting can be seen, therefore, as an extension of the self-governing remit of individuals into the management of their credit use, implanting within consumers a new legally-sanctioned possibility and mechanism for calculating and judging their own actions. In doing so, it helped instil within them an increasingly calculative understanding of the significance and consequence of their credit identity, strengthening more generally with respect to the future their capacity for foresight and prudence and creating a crucial scale for the measurement of consumer autonomy.

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Within the 20th century, consuming desire became increasingly located as a necessary element of a mass production / mass consumption society, a virtuously interdependent binary that the state sought to regulate in the interests of unified economic and social welfare. As part of this interventionism, new forms of state-level instalment selling laws were instituted from the 1930s to 'protect' the instalment consumer while, at a federal level, new banking laws were drawn up in the wake of the Great Depression to dampen the destructive tendencies of economic competition. Similarly, in the aftermath of the Second World War, consumer credit was temporarily targeted as a calculable conduit to ease wider price inflation and defend national sovereignty. Yet, by mid-century, the idea of mass-society began to fragment as poly-vocal discourses gathered force, criticising the rigid conformism and de-humanisation of mass society while supposed crises of market saturation and profitability hit consumer industries. Increasingly within consumption, in marketing and in how individuals understood and acted upon themselves, individual identity, the quest for personal meaning and the fulfilment of a personalised lifestyle became all-encompassing ideals.

In many ways, the development of the credit card traces the transformation of a mass market into this customised space of individualised self-narrative. Emerging in the expansionary ambitions of banks, the early diffusion of the credit card was dependent on the unsolicited, undifferentiated mass mail drop across relatively broad reaches of the population. Yet, as its use has proliferated in recent decades, it has become targeted at certain lifestyle segments while certain branding efforts have emphasised the always shifting, ever novel possibilities of an unexplored life whose breadth of choices are facilitated by 'plastic' credit. As a form of credit, secured by sophisticated credit bureau records and credit scoring systems, it depends upon the self-governing abilities of consumers, weaving within and through a never-ending array of consuming choices made by individuals.

Yet, in their contemporary form, credit cards contribute to this not just through the malleable credit they enable the individual but through the means by which they have become commodities within themselves and how they have become intersected with certain distinctive, consuming experiences. In certain ways this technology of credit, framing a boundless future for the continuous fulfilment of individual desire in an escalating present, begins to fold back upon that which is desired. Increasingly, selective benefits, personalised rewards schemes and affinity programmes come to be offered as choices that give the exercise of credit a distinctive, personalised quality; credit, it seems, emerges as a meta-choice. Such choices, though, become hierarchised in new ways, reflecting the variable scope of choice the individual enjoys through their material resources and, in turn, expressing that capacity not just through credit but through the rarefied, qualitative experiences and opportunities that their card entitles them.

As has been shown, the preoccupation with autonomous choice remains not merely at the level of the 'market' but feeds into new neo-liberal modalities of government that have come to condition the responsibilities of the state. In relation to the wider field of consumer credit, as with much else, the state has, since the late 1960s, attempted to act through the autonomy of the credit consumer, not in the defence of a unitary economic or social domain or to protect consumers from the market; rather, it has sought to mould the market in a particular way in order to 'enterprise' individuals, to promote their inclusiveness and access to the self-realising possibilities of credit and both energise and privilege their choosing capabilities as consumers in how they use credit.

However, this free choosing capacity of consumers was not merely an exogenous social phenomenon animating a new credit-dependent consumer capitalism; in significant ways, it became actively fabricated through the development of a national credit reporting system systematically inscribing the credit choices made by consumers. Credit reporting, as we have seen, is as old as the market for consumer credit itself and the forms it has taken have altered in articulation with the wider development of credit provision. Embodying the increased specialisation, centralisation and fluidity of contemporary consumer credit, the credit reporting industry manifests a commercial, centrally organised form which enables informational organisation and instantaneous data distribution between lenders and its agencies. Within this disparate, shifting assemblage, the bureaucratic surveillance of individual consumers' credit choices has become heavily technologically mediated, extensively reflecting data from a wide array of lenders and other sources and intensively mining a more finely-grained detail on the credit obligations and repayment performances of individuals. For each and every consumer then, a dynamic informational projection, a cohesive securitised credit identity, reflects in continuous detail the scope of their actions in using credit. At the same time, it simultaneously conditions their possibilities of ongoing choice within the market for credit and, beyond, in the wider field of consumption.

Yet it is not only lenders and other providers who engage with this abstract credit identity – consumers themselves, codified by federal statute, have harnessed their consuming ambitions to a recognition of this means by which they are inscribed and assessed. Individual projects of consumption, dependent upon the means of credit, have become increasingly bound to a reflexive consciousness of the means by which their free choices are inscribed and regulated. Credit consumers are thus both the objects of surveillance and self-surveillance in their exercise of choice. The more intense their consumption, the more extensive their engagement in market credit, and the more profoundly they express their freedom as consuming subjects – the more they must be located within and made subject to a regime of informational regulation by lenders and themselves. It is this admixture of precise, calculated control that makes possible the production of increasingly fluid, dynamic, personalised credit forms which sustain a permanent interface for consumer wants.

Notes

[1] A marketing analysis of credit cards at the time found that credit cards users could be segmented, yet this was on the basis of 'class' rather than 'lifestyle' (Mathews and Slocum, 1969). 'Middle, 'Upper middle' and 'Upper' classes segments who were able to defer gratification were characterised as being convenience users (i.e. paid-off balances each month) while 'Lower' and 'Lower middle' class segment, where 'immediate gratifications and readiness-to-express impulses are observed' (p. 72), were deemed far more likely to revolve credit balances.

[2] 'Norwegian Cruise Line Platinum Plus Mastercard Credit Card', MBNA. Available online at https://wwwa.applyonlinenow.com/USCCapp/Ctl/entry?sc=LWU1&mc=A000001VIV [accessed 6 February 2006]

[3] 'The MBNA Cash Back Platinum Plus MasterCard Credit Card'. Available online at https://wwwa.applyonlinenow.com/USCCapp/Ctl/entry?sc=C0HH&mc=A000001SSG [accessed 6 February 2006]; 'The Motley Fool Cashback Platinum Plus Visa Card'. Available online at https://wwwa.applyonlinenow.com/USCCapp/Ctl/entry?sc=HWV2&mc=A000001OMJ [accessed 6 February 2006]

[4] 'Fidelity Investment Rewards Visa Signature Card'. Available online at https://wwwa.applyonlinenow.com/USCCapp/Ctl/entry?sc=GLA1&mc=A000001TST [accessed 6 February 2006]; 'Babymint 529 College Savings Platinum Plus Mastercard Credit Card'. Available online at https://www.applyonlinenow.com/USCCapp/Ctl/entry?sc=L0AJ&mc=A000001VYH [accessed 6 February 2006]

[5] 'MBNA Elvis Presley Foundation Worldpoints Platinum Plus Credit Card'. Available online at https://wwwn.applyonlinenow.com/USCCapp/Ctl/entry?sc=LWW8&mc=A000001VLW [accessed 26 January 06]

[6] '(Product)RED'. Available online at http://www.joinred.com [accessed 18 March 2006]

[7] Design Week, 27 May 2004: p. 6

[8] 'Benefits of the Platinum Card from American Express'. Available online at https://www124.americanexpress.com/cards/platinum/benefits.jsp [accessed 4 February 2006]

[9] 'Visa Signature'. Available online at http://www.usa.visa.com/personal/cards/credit/visa_signature.html?it=R3|/|Visa%20Signature [accessed 9 February 2006]

[10] 'American Express Platinum Card Concierge'. Available online at https://www124.americanexpress.com/cards/platinum/concierge.jsp [accessed 4 February 2006]

[11] 'Credit Scoring: facts and fallacies', Fair Isaac. Available online at http://partners.myfico.com/PDF/Facts_Fallicies.pdf [accessed 24 February 2005]

[12] For example, according to Experian, 'Your Experian credit report does not contain - and Experian does not collect - data about race, religious preference, medical history, personal lifestyle, political preference, friends, criminal record or any other information unrelated to credit.' See 'Credit report basics FAQs', Experian. Available online at http://www.experian.com/consumer/credit_report_faqs.html [accessed 2 March 2006]

[13] Not only that, but the statistical systems can calculate and account for, in advance, what proportion of solicitees will actually respond to an offer before they have even received it.

[14] Hier (2003), though, cautions that such rhizomatically structured surveillance does not imply that social hierarchies themselves are necessarily levelled, arguing that the 'shoots of the assemblage' can be readily deployed by established authorities for the purposes of social control.

Chapter 3. Risk and the Risky

We have seen up to now that the development of consumerism and neo-liberalism of late modernity have situated individuals as entrepreneurs of the self, driven by a requirement to condition a life for themselves through the upholding of a capacity to choose, to extend and animate their lives as a subjectively-directed narrative of consuming desires and wants. Consumer credit plays a (if not *the*) crucial mechanism of consuming fulfilment. Within this, an individual's unique credit identity, the abstract dynamic reflection of the individual's accumulated 'choices' continuously produced within the credit reporting assemblage, represents and secures the faculty of the consumer to uphold that obligation to consume. However, as we have seen, credit identities are 'objectively' constituted, supposedly shorn of any overt normative or prejudicial marker. Credit bureau TransUnion presents it that:

> Creditors make credit decisions. Each creditor has their own formula for evaluating a credit application, and only the creditor can tell you why they made a decision. TransUnion does not grant or deny credit. Our role is to supply the creditor with the contents of the report, which they can review in order to assist them in making a sound decision.[1]

How then do creditors make their lending decisions within a market context increasingly dependent upon the sustained self-governing abilities of the consumer? How is the permanently lurking threat of default to be systematically governed? Or, to put it more brusquely, how do contemporary creditors choose who is creditworthy and who is not? Following on from this, what happens to those who are deemed insufficiently self-governing? Are they to be denied the benefits of credit in contemporary society?

In the first section of this chapter, I want to examine how a probabilistic conception of risk increasingly came to define what was meant by the creditworthiness of an individual consumer, that is, the understanding of a lender that a borrower would repay some outstanding loan contracted for the purposes of consumption. This is not something that was progressively achieved or represented a necessary logical follow-on from older conceptualisations of creditworthiness. Arising within the context of an ongoing expansion in the market for consumer credit, the conceiving of creditworthiness as risk evidences a discursive break, a new departure in managing consumers and their credit agreements that distinguishes it from older focal points such as 'character'. Risk represents an abstract technology, or sets of technologies, operationalised within particular techniques and practices of statistical credit scoring that came to be applied by lenders, unevenly and in a relatively unplanned manner, to the problem of reducing losses due to the non-repayment of credit loans. To these ends, the attribution of risk signifies a generalised means of understanding, of grasping the nature of credit consumers with respect to the future.

As Les Levidow (1994) notes, contemporary discussions about risk have a pronounced tendency to reify the concept. Within credit therefore, the conceptualisation and technical production of someone as a 'risk' naturalises the potential harm of default as an inherent property of the individual. However, as Ewald (1990, 1991) suggests, there is no risk in reality but anything can be considered as a risk, depending on how one understands the circumstance. The production of consumer credit as a profit-making enterprise within an advanced capitalist economy represents the binding of time, the location of such transactions in relation to a sense of the future which, because of the complexity of social life, the relative disembeddedness of transactions from social relations and a heightened dependence upon the self-governing potential of individuals, is permeated with uncertainty. As capitalism is built upon instrumental rationality and the capacity for foresight, risk, as a probabilistic analysis of the recursiveness of events within complexity, brings the future contingency of default and financial loss within the boundaries of consideration in the present. It makes the uncertainty of the future knowable in specific ways and thus incorporable within the calculated objective of maximising profit. Risk, thus, represents the relations between people and a way of thinking about the future contingency of those relations, finding form in particular settings for the attainment of particular ends.

In this chapter I want to examine the emergence of the question of the population within American consumer credit and how its role as a new locus of analysis was bound up in new forms of consumption and new media of mass credit in tandem with the development of a collectively-oriented, Keynesian rationality of economic governance. From the 1970s, a technocratic, statistical expertise gradually became applied by lenders to the problem of regulating default within populations of borrowers, exposing consumers to new kinds of visibility and making them amenable, as risks, to new kinds of government. Later this novel form of intervention was given official sanction by the state through legislation as a means of guaranteeing equality of opportunity to the market according to the individual's capacity for self-government. This capacity, naturalised and cohered as 'objective' risk, removed it from the terrain of politics and thus from the possibility of political challenge.

Yet, as I will attempt to show, the use of technologies to constitute default risk are themselves seen to be subject to 'risks' – methodological, procedural and temporal – which degrade their theoretical and practical facility for distinguishing between populations of 'good' and 'bad' credit consumers. Such technologies are thus subject to a constant process of reflexive re-evaluation and re-generation by experts seeking to sustain and enhance the discriminating efficacy of the models they produce as well as the seductive offerings of competing epistemologies promising alternative, more effective ways of constituting individuals as risks.

At the same time, the successful proliferation of credit scoring technologies among consumer lenders in determining default risk has led to its colonisation of other areas of contingent decision-making within the operations of lenders, stretching and rearticulating the meaning of risk in temporally, spatially and functionally novel ways. The construction of individuals as risks has also become interlinked in a new fashion, as a partial antecedent and predicate, with other circuits of risk woven to enframe the uncertainties experienced by lenders and other institutions trading entire portfolios of loans encompassing a multitude of consumers and credit agreements.

Yet, not only is the technical constitution of risk unstable, but how risk is deployed represents an historically variable condition. Within the shifting figuration of the American consumer credit industry in the 1980s and 90s, it is argued that the modality of such risk has become disjointed away from strategies of hierarchised avoidance by lenders to ones of polysemous engagement, from the treatment of risk as a cost to its deployment as a profitable opportunity. To these ends two recent practices are explored: the development of 'profit scoring' technologies which subsume default risk as a constituent variable within a broader consideration of the profitability of the consumer; and the use of 'risk-based pricing', the individualised setting of interest rates and other terms according to the specific risk represented by a consumer.

In the second section, we examine what happens to those inscribed as being 'too risky' for the mainstream market. Such consumers may be actively excluded, through exhibiting technical attributes like a low income or insecure occupation 'objectively' indicative of likely future default. Or, perhaps, they lack a credit record and so are excessively risky because no reliable estimate or assessment of future action can be drawn. Or, maybe such consumers possess a credit identity but one besmirched by a record of consumer iniquity – accumulated defaults, a history of collections or, perhaps worst of all, bankruptcy – which the relentless empiricism of credit scoring shows to be intolerably fated to future repetition. In a wider sense, they may also be excluded passively, through a lack of cultural capital about the workings of the mainstream financial sector, their habitus drawing them to the consumption of alternative credit forms for which they have a 'taste' and which are objectively circumscribed for their particular social position (Aldridge, 1998; Taylor, 2002).

As such, the wider consumer market does not consign the risky to oblivion but offers them alternative forms of credit through which their needs and desires can be met, forms which do not depend upon the securitisation of credit identity or upon a measurable scale of risk assessment; in other words, alternatives which do not rely upon the ability or capacity of such consumers to govern themselves as part of a continuous, self-directed life project. On the contrary such 'fringe' credit provision, in the form of contemporary pawnbrokers, payday lenders and rent to owns retailers, harks back to the older forms examined in Chapter 1, lenders who encase the borrower within mechanisms which unceremoniously govern the context of specific transactions. Such credit, as we shall see, locks the marginal credit consumer within a logic of discontinuity, of discrete, incremental borrowing acts which reflects and reinforces the poverty of their circumstances and thus their ability to sustain an inner-directed ability to choose. Choosing between fringe credit, or nothing at all, represents no choice within a consumer society.

Risk and Technologies of Credit Scoring

Consumer Credit and the Emergence of the Population

Retail instalment credit, as we saw in Chapter 2, was already relatively widespread within the United States in single-line retailers by the end of the 19th century, some of whom were compelled to offer credit terms due to the competitive pressures evinced by large, new multi-line department stores who themselves did not offer credit (Calder, 1999). However, the 20th century increasingly saw the facilitation of instalment and charge account credit lines at large department stores and mail-order firms who had previously offered cash-only terms as the profitable opportunities presented, competition and the legitimisation of instalment credit through automobile sales conspired to render them more widespread.

Within department stores themselves, specialised credit offices came to be established, tasked with the specific responsibility of managing credit applications in a systematic and ordered fashion. Potential applicants were interviewed and assessments of creditworthiness made on the basis of the perceived physical demeanour of the applicant – how 'shifty', 'evasive', 'seedy' or 'flashy' they looked (Jeacle and Walsh, 2002: 743). Specialised staff also examined the applicant's local neighbourhood and made judgements as to its reputability, cross-referencing with local retailers to incorporate their appraisal of the individual's standing within the locality. In addition, existing credit accounts were maintained with a regularly updated written narrative as to the customer's perceived wealth, income and personal circumstances. These assessment procedures, concentrating on a localised, qualitative perception of the borrower's 'character' grounded within the intimacy of personal relations and community, acted upon an understanding of the individual as a concrete subject with an autonomous capacity for action (see Castel, 1991). In doing so, the possibility of default seemed to reside as an immanent, intrinsically uncertain aspect of the individual. Examining their physical attributes, inquiring as to their local status, recording the narrativised observations of staff members represented a discrete, individualised search for symptoms of an eventuality of default and an attempt to intervene to prevent its occurrence through the denial of credit (see also Rock, 1973: 40-50).

This system, though, gradually gave way to a more rationalised, bureaucratic set of procedures during the 1920s and 1930s (Jeacle and Walsh, 2002). New innovations in record administration: the unit file, a systematic, permanent customer identification scheme, a tabulated coding procedure for categorising customers and innovations in accounting techniques opened up the debtor to the individualising gaze of the lender, rendering their credit use more visible and malleable through a systematisation of facts and numbers within a customer's written dossier. Similarly, as we have already noted within the operations of national mail order firms such as Sears and Spiegels, assessments to grant credit increasingly came to be made on the basis of a calculated appraisal of questionnaires returned by potential customers governed through a standardised set of credit terms coming under the regulation of a specialist credit manager rather than, as had been the case, the use of local attorneys and investigators to assess the qualitative, locally-articulated character of the individual (Emmet and Jeuck, 1950; Smalley and Sturdivant, 1973).

Simultaneously then, through a totalising gaze, the collective body of borrowers was made visible as a dynamic entity within itself, with certain norms of repayment present across its breadth that could be discerned and made known and against which the individual could be made subject for the purposes of controlling costs, increasingly cohering the body of borrowers as a whole, its attributes, extended balances and repayment streams as autonomous, self-referential phenomena within the firm's accounts. Therefore new ways of recording data and understanding transactions within the firm, in addition to the greater reach of credit, increasingly rendered for lenders the agglomerated body of consumers as a coherent entity demonstrating attributes as though they were intrinsic to it, independent from the actions of the individual consumers that composed it.

In the post World War Two consumption boom, the population of consumers was, more broadly, entering into the calculations of government for the first time. The altering of the political landscape by the New Deal had changed the nature of liberal rule within the United States, as had the expert economist's understanding of how the economy, that charge upon liberal government to manage neither too much nor too little, could be directed through the fiscal resources and sovereign power of the state. Classical economics grounded on Say's Law of supply and demand had emphasised private production and savings for investment, independent of the state, as being the key determinants of national economic growth and full employment. In contrast programmatic Keynesianism, as we saw in the previous chapter, ascendant in economic policy at the end of the 1930s and in the post war era, presented economic output as being the product of consumption spending and reduced national savings, requiring increased government spending to stimulate consumption and thus promote economic growth (Ahiakpor, 2001; Klausen, 2002).[2] Thus consumers as an aggregate entered into the calculations of the state as a key resource of economic management while the task of widening consuming possibilities sustained the legitimacy of a reinvigorated capitalism against a revolutionary Bolshevik alternative. In the wake of the Great Depression, '[f]uelling "mass consumption" – enhancing the ability of the mass of Americans to purchase goods – promised not only a route to economic recovery, but also a more democratic and egalitarian America for all its citizens' (Cohen, 2003: 55-6).

The 1950s saw the further elaboration of the population as the locus of analysis within consumer credit with the emergence of mass revolving consumer credit market within the United States. The turn of the century had seen, for the first time, the establishment of specialist finance companies supplying mass instalment credit for the purchase of expensive durable goods for household consumption, most particularly, the automobile. The 1950s, however, saw the materialisation of dedicated new companies and the entry of existing financial institutions into the profitable provision of credit for more mundane, ephemeral forms of personal consumption. Whereas before, such facilities had been offered directly by individual stores and mail order companies, managed through their specialised credit offices, for the purposes of stimulating sales and cementing customer loyalty to the firm, these new players sought to realise such consumer credit as a profitable commercial activity in and of itself (Mandell, 1990; Nocera, 1994; Evans and Schmalensee, 1999; Manning, 2000). The 1930s had seen some important developments in this mass market approach to credit, including the first roll out of gasoline cards, charge accounts issued by oil companies which could be used by motorists to pay for gas at any of their petroleum-branded stations. However, as we saw in the previous chapter, it was the post war period which saw the greater national focus and more encompassing sweep of credit with the establishment of the Diner's Club travel and entertainment card (T&E) in 1949 and the entry, a decade later, of American Express, the Hilton-backed Carte Blanche, Bank of America and Chase Manhattan into the market for flexible credit.

The 1950s and 60s thus represent the ascendancy of a new form of mass consumer credit with provision dislocated away from specific retailers and even types of goods to the diverse, borderless domain of everyday, generalised consumption itself, in turn, widening the scope and possibilities of consumer choice. Whereas high value durable goods had been governed through the legal instrument of the instalment contract which punished the defaulter through repossession of the good and the loss of payments made (Olney, 1999, 2002), mass plastic credit increasingly depended on the self-governing possibilities of consumers themselves who now had to regulate their own personalised, broader, ever more instantaneous credit consumption and self-manage the scheduling of their own repayments within the terms offered to them. Defaulters no longer faced the loss of the item within which they had invested their payments but, rather, the curtailment of their credit potential and the loss of an ever wider scope of future consuming opportunities enabled by it (Phelps, 1955).

In a very pragmatic way, these emerging credit card providers epitomised a new industry paradigm of managing consumers as a population rather than as individual subjects. First and foremost, rather than extra sales or loyalty, their profitability depended on a percentage of a high turnover of low value credit purchases, both in terms of interest payments paid by consumers and the discount fees paid by affiliated retailers. It was not isolated acts of consumption enabled by credit which engaged the calculations of these new lenders but the sustained use of credit in and of itself. In this regard, the task which most preoccupied them was establishing a wide customer base for without this merchants would not be attracted to join the scheme while, in turn, consumers would not be drawn into a system where few retailers were willing to accept their cards. To tackle this, as we have seen, banks engaged in the widespread strategic mass mailing distribution of cards to attract a critical mass of customer numbers, initially at least, impervious to the resulting high levels of fraud (Mandell, 1990; Nocera, 1994; Evans and Schmalensee, 1999). In dealing with such a large body, the administration of accounts was abstracted from the heuristic processes and 'tacit knowledge' (Leyshon and Thrift, 1999: 441) that had previously characterised retailer-specific credit accounts and dealt with bureaucratically by way of simple application forms with a limited number of tightly categorised variables on each individual customer (Mandell, 1990: 56). Within this agglomeration of a large customer base, individuals were no longer acted upon as subjects but as an accretion of a limited array of attributes, bureaucratically accumulated over time and assessed with reference to the distribution of these attributes across the population of customers.

With the mid-century adoption of Keynesianism, mass consumption by the population came to dominate the governmental calculations of the American state in relation to the economy, a consumption increasingly mediated through plastic credit to ever finer levels of expenditure. At the same time, the growth of a profit-oriented, specialised consumer credit disembedded from the intricacies of personal relations and specific sites of consumption was becoming implicated in the facilitation of a generalised, ascendant mass consumption. The profit goals of these lenders, where revenues were generated as a particular percentage of the individual low value / high volume credit transactions they facilitated became more directly mapped onto the total volume of consumers they could enlist and consumer credit they could generate. The economic exigencies of this new generic credit nurtured a bureaucratic administration of limited, categorical, quantified data such as occupation, neighbourhood, balances and repayment history so that the breadth and colour of detail on each customer, characterising older credit forms, faded relative to a new depth and detail of data on the whole population of such consumers.

Constructing Risk, Objectifying Equality and the Ghost of Cause

In 1941, the first known formal application of a specific statistical 'imaginary' to the problem of controlling the incidence of consumer credit default was carried out by David Durand on behalf of the National Bureau of Economic Research (Durand, 1941). The particular methodology he used, discriminant analysis, had been developed by the statistician Gary Fisher (1936) in order to determine population differences where the explicit differentiating quality was not visible – he succeeded in deducing different varieties of iris and origins of skulls by their physical measurements. In Durand's case, applying this abstract statistical technology, he analysed a selected sample of historical loan accounts at a range of institutional creditors including commercial banks and a variety of specialised finance companies and demonstrated that groups of 'creditworthy' and 'uncreditworthy' borrowers, defined in probabilistic terms as to whether they would or would not default on a specific credit agreement, could be adduced in advance from an analysis of certain attributes demonstrated by those individuals. Analysing his case-study samples, he formulated numerical decision rules which could theoretically be applied to new applicants for credit (Durand, 1941: 83-91).

A series of scholarly exercises by other researchers followed at a variety of different types and scope of creditor, each attempting to formulate a particular 'credit scoring' model using actual, historical credit data and retrospectively demonstrating how the model in question would have reduced, anywhere between 7% and 24%, the number of bad loans that were actually accepted at that creditor had it been in operation (for a brief account of these early studies, see Meyers and Forgy, 1963). Within these academic exercises, the possibility of governing credit sanctioning decisions by risk was demonstrated through the construction of a model embodying certain understandings on the part of the statistician such as the ascription of thresholds, the categorisation of the application data, the definition as to what constituted 'default' and how the length of the credit agreement was to be defined. Against an accumulation of actual historical data including application details and the performance of credit agreements during their lifespan, these derived models ascribed certain statistical relations between attributes and repayment outcomes which, when applied to individuals, produced a predictive, probabilistic statement as to the calculated likelihood, or 'risk', of default.

As Rose (1993) and Rose and Miller (1992) suggest, expertise operates a key role within 'government' in its widest sense, the knowledge from which it derives its authority, grounded in neutrality, disinterestedness and claims to efficacy as distinct from the argument and rhetoric of politics, becoming harnessed in various ways within its exercise. Thus statisticians and consultants, exerting title to a scientific and technical knowledge, became employed as experts in the construction of technical models for the identification of risk. Their claims as to the objectivity and efficiency they could provide promised lenders new possibilities for the governing of consumers, creating norms in terms of risk around which could be ordered the population of consumers. This, then, opened up default across the population of consumers as something to be rendered calculable in the interests of profit. For lender management, scoring technologies came to provide a nexus threading together commercial considerations of the default costs threatened by individual consumers, the operational costs of the firm encompassing the whole field of customers and the standardisation of credit sanctioning procedures engaged by the lender's credit sanctioning staff. Scoring and the process of constituting risk thus came to provide the lender with a new means of understanding and conjoining the government of individual consumers, its population of customers and its rank of employees (Lewis, 1992b).

Yet, regardless of the pre-eminence claimed for statistical techniques by experts in relation to credit sanctioning, its adoption remained sporadic within the mass consumer credit industry, not being applied by credit card issuing banks until the end of the 1960s despite the seeming affinity between mass credit lenders concerns with the bio-political governance of consumers and the statistical techniques that promised an effective mechanism for doing so. In fact, credit scoring was initially more prominent within longer established types of consumer lender such as finance companies, large retailers and mail order firms like Montgomery Ward (Johnson, 1992; Lewis, 1992a). But why? The 1960s, as such, represent the era of the credit card's infancy and troubled adolescence. As mentioned, new credit card issuers, dependent on accumulating a population of customers to make their operations realisable as well as profitable, engaged in multiple mass-mail drops that were indiscriminate with regard to individual creditworthiness or the possibilities of fraud loss. The market itself was also highly unsteady with many new entrants and exiters, failures, reorganisations and consolidations between rivals before the emergence of two main national systems in BankAmericard and Mastercharge which began to franchise their card brands to other banks across the country and establish system protocols between franchisees and merchants (Mandell, 1990, Nocera, 1994; Evans and Schmalensee, 1999). If statistical risk depends on an analysis of a documented empirical past to produce calculated predictive assessments of the future, then institutional stability and permanence within the credit card industry were essential prerequisites.

From the 1950s, with economic governance by the state effected through the management, en masse, of the capacity of its citizens to consume, the ability to engage in consumption constituted a crucial manifestation of one's membership of society as a free individual. However in the 1960s and 1970s, marginalised groups such as blacks and women, increasingly agitating for equality through the civil rights movement and second wave feminism, articulated specific demands for the end of discriminatory practices within consumer credit which often curtailed the ability of these social groups to access credit (Hiltz, 1971; Garrison, 1976; Cohen, 2003). After hearings held by the National Commission on Consumer Finance to investigate the discrimination experienced by mostly married women in applying for credit, the Equal Credit Opportunity Act 1974 (with subsequent amendments) was enacted to outlaw discrimination in credit sanctioning based on the characteristics of gender, marital status, race, national origin, religion or income source (ECOA, 1974; Anonymous, 1979; Hsia, 1979; Elliehausen and Durkin, 1989; Chandler, 2001). To this end, credit scoring was encoded in 'Regulation B' of the act, explicitly delineating what could constitute a statistical model by defining it as one based on the analysis of key applicant attributes and default grounded upon statistically representative sample groups. Anything else was residually termed a 'judgmental system'. Age was permitted, although only as long as the eldest group category was guaranteed the most preferential treatment. Ultimately, the act gave legislative recognition to scoring systems as being objective, scientific devices permitting a dispassionate, empirically derived account of creditworthiness and explicitly identified the role they could play in eliminating 'subjective' discrimination. What the state attempted to construct was an enhanced mass consumer credit market where obsolete social divisions were to be eliminated in favour of two dynamic, contextually-defined groups: the 'tolerably' risky, those who were capable of their own self-government in managing credit and the 'intolerably' risky, those who were not.[3]

Through the objectivity produced in scoring, bound to a necessary consideration of consumers as risks within the context of a population, the act gave impetus to creditors to deploy statistical models as a means for defending against suits for unlawful discrimination in credit granting, the scientific-statistical-empirical framework of scoring thus allowing lenders to claim that all credit decisions were made in line with the 'real' creditworthiness of the credit applicant and not some inherent discrimination or prejudice. In addition, with scoring objectified within a document-based bureaucratic system, the creditor could demonstrate irrefutably, through the presentation of the bureaucratic procedural audit trail through which the sanctioning decision was accomplished, that it was arrived at in a 'legitimate' fashion (see Bunn and Wright, 1991: 509). As Rose argues with respect to the proliferation of risk systems within contemporary psychiatric assessment:

> In a situation where the outcome of a mental health assessment may be an administrative decision to release a patient into the community, the risk assessment may be used not so much to make accurate predictions as to

ensure that the decision made was defensible if something should go wrong (2002: 222).

Thus, in a certain sense, it is not just the scientific statistical nature of the scoring endeavour based on its consistency of application and correct weighting of predictive variables which forges the seeming objectivity needed for impartial sanctioning decisions but also its rigorously documented nature and its amenability to audit (Dawes et al. 1989; Bunn and Wright 1991). As Rothstein et al. (2006: 93) remark, risk provides a 'defensible procedural rationality' not only in terms of managing the objects which an organization is tasked with regulating but also the wider institutional threats that the organisation experiences. Risk thus becomes not merely an expedient means of determining whether to grant credit, but of minimizing the legal threat posed by its decisions not to do so.

The conceptualisation and technical production of someone as a 'risk' tends to naturalise the potential harm of default as an inherent property of the individual. In attempting to de-reify such a conception, three central avenues can be identified. Firstly, the conception of credit risk is produced only within the context of a population. Risk, as a probabilistic statement, is thus inherently relativistic for risk only makes sense against the fact that others are either more or less risky (see Ewald, 1990). Secondly, risk is not produced for its own purposes but for the particular purposes that the lender understands to be conducive to the expansion of their capital. What these are, in turn, determines how risk will be known. For example, the production of risk always incurs developmental and operational costs and so, such production takes place only according to the extent of the willingness of the lender to bear them (Hand and Henley, 1997). Finally, risk is produced within models that are constructed by experts who, in attempting to map risk, select certain characteristics, classify characteristics in particular schemes, determine thresholds and distinctions between characteristics and adjudge how the model is to be tested for efficiency.

As Rose (1999, 2002) argues with regard to this third point, the multifarious judgements and subjective decisions which go into the creation of quantified risk systems and underlie every single determination of risk are 'blackboxed', rendered hidden and incontestable by the apparent simplicity of the single figure which is generated. As both Porter (1992, 1995) and Rose (1996, 1999) observe, reliance on the apparent objectivity of numbers occurs not when the institutions are strong but when they are weak, beset by challenges to their ability to govern. Therefore, by camouflaging its subjective design, considering individuals not as individuals but as arrays of categorised attributes, demonstrating a verifiable relationship between these variables and certain outcomes and creating a quantified probabilistic statement that can be demonstrably audited, the deployment of credit scoring creates individual creditworthiness as something which exists, as it were in reality, independent of its measurement. Consider the following quote from the score modelling company Fair Isaac:

> **Fallacy:** Credit scoring is unfair to minorities.
> **Fact:** *scoring considers only credit-related information.* Factors like gender, race, nationality and marital status are not included. In fact, the Equal Credit Opportunity Act (ECOA) prohibits lenders from considering this type of information when issuing credit. Independent research has been done to make sure that credit scoring is not unfair to minorities or people with little credit history. Scoring has proven to be an accurate and consistent measure of repayment for all people who have some credit history. In other words, *at a given score, non-minority and minority applicants are equally likely to pay as agreed.*[4]

The question Fair Isaac conveniently sidesteps, of course, is whether minority applicants tend to have as high scores as non-minorities. But, because scoring is understood to be objective and specific, the self-government implied by one's risk is naturalised to the individual, independent of his or her social position.

The facility that credit scoring offers to the question of discrimination is the treatment of individuals, not as subjects, the bearers of particular aptitudes or moral qualities but as objects, agglomerations of particular quantifiable attributes. In doing so, scoring undercuts the coherent identity of being 'female' or 'black' within which oppression or marginalisation is experienced, displacing credit decisions onto an array of characteristics seemingly innocent within themselves and seemingly individually predictive of repayment performance, independent of subjective will. Yet power divisions, inequalities and exploitation are inherently bound within society; their worst excesses may be alleviated through legislation and the nurturing of credit scoring, however, within a system which individualises responsibility for the opportunity to consume, their effects cannot be eliminated if a profitable, extensive system of consumer credit in its current form is to exist. Like much else, one's position in the social structures does indeed predicate whether one has the ability to repay credit. But the construction of objectivity camouflages inequality within the statistical mechanism of the scoring model where its newfound invisibility helps preclude its contestation. Blacks, thus, become discriminated against not on the basis of race but on such interlocking factors as income, occupation and neighbourhood residence where their structural disadvantage within society manifests lower incomes, more predominantly working class occupations and communities statistically associated with a higher risk of default. Similarly, women experience unequal credit opportunities not because of their gender, it seems, but due to the generally lower incomes and occupations implied by their gender. In both cases, through a self-fulfilling prophesy, a truncated credit history, indicative of fewer credit opportunities, acts as an independent variable predicting a higher risk of default, in turn, further restricting ongoing access to credit for these groups.

Pete McCorkell, a representative of score modelling firm Fair Isaac, defends credit scoring against charges of discrimination against minorities by arguing that detractors are asking the wrong question (2002: 214). Although scoring results in higher reject rates for certain groups, he argues that this is because 'income, property, education and employment' – structural factors he sees as bearing upon an individual's capacity and propensity to default – are not evenly distributed across society. In fact it would be irrational, he suggests, for an objective measurement of risk *not* to demonstrate systematic risk discrepancies under such conditions – however, it is 'social' and 'political' questions that such discrimination raises rather than 'technical' ones. One is reminded of Karl Marx's ([1844b] 1975) famous rhetorical questioning of the political economist as to whether one would be obeying economic laws in prostituting one's body or selling one's friend into slavery. The imagined response is yes, but that one must consult with 'Cousin Morality' and 'Cousin Religion' to seek their counsel. Similarly, it seems, the narrowly technical sphere of scoring is estranged from the contested domain of politics, a system that measures merely the 'objective' correlations between variables across the population rather than elaborating on their wider significance. Whether some kind of 'affirmative action' should be put in place to favour minority groups is a question that McCorkell reserves for 'Cousin Politics', albeit one he admits to being unthinkable in the current neo-liberal political climate.

However, in de-reifying credit risk, one should be careful not to simply adhere to the alternative side of a dichotomy between realism and relativism, or objectivity and subjectivity (Levidow, 1994). As Hacking argues in relation to the 19^{th} century 'obsession' with the statistics of deviance, '... new slots were created in which to fit and enumerate people. ... [S]ocial change creates new categories of people, but the counting is no mere reporting of developments. It elaborately, often philanthropically, creates new ways for people to be' (1986: 223). The attributions of risk produced by credit scoring come into being within particular social contexts for the organisation of individuals in respect of the future; nevertheless, through such production, individuals are materially acted upon as risks, an identification which restricts or enhances their future consuming possibilities which, in turn, influences their future identification as risks. Risk, as a means of intervening within the world, changes the nature of the world within which it is created (Reith, 2004a:

385) – in being acted upon as risks, people *become* risks. Risk thus both reflects and imprints in novel ways the social conditions under which it is deployed.

Nevertheless, the production of objectivity through the elimination of the question of the subject and its re-situation across disparate, independent variables creates a counter problem, and source of dissent, in terms of a loss of a coherent sense of cause (Johnson, 1992: 21- 4). Despite its disavowal of cause in practice and its concern simply with counting the calculable effects of default (Lewis, 1992a: 6-7; Thomas, 2000: 152), risk rests uneasily with how individuals experience the world as subjects. Dawes (1999), a researcher in the field of economic psychology, argues that individuals are more or less incapable of acting solely on the basis of objective probabilities, that there is always a need for a causal explanatory narrative to justify or explain relations between variables. Without such a narrative, a statistical relation will tend to be rejected or ignored, especially if there are alternative intuitive explanations or it clashes with prevailing cultural beliefs. Concern with the effects of 'brute-force empiricism' informed Capon's (1982) trenchant denunciation of scoring systems where he argued that credit decisions should be confined to variables which have an 'explanatory' bearing on repayment outcomes rather then a 'statistical' one. The treatment of individuals simply on the basis of statistical correlation, he believed, offended against cultural traditions of individual responsibility and due process. More recently sociologist George Ritzer (1995), in an extension of his famous neo-Weberian 'McDonaldisation' thesis, has criticised credit scoring systems for their degrading potential and their celebration of the virtues of calculability over human meaning and understanding.

Within the United States, where rejected applicants are statutorily entitled to know the 'reasons' for the refusal of their application, the implementation of a risk system is constrained by the degree to which it can be contextualised within an explicatory framework. Therefore, it cannot be enough to say that there is an abstract statistical correlation between an attribute and likelihood of default – it must be couched in terms that make it comprehensible to the applicant as a causal 'reason' (Chandler, 2001: 47) . Similarly, at the level of the firm, Lawrence (1992) shows that the implementation of a scoring model to replace a judgmental system requires the approval and oversight of management who may call into question the use of certain attributes where there is no intuitive reason for their effect. Without 'cause', a variable will often be left out of the design of a credit scoring system, regardless of its statistical predictiveness. Even the fact that the Equal Credit Opportunity Act prohibits the use of the characteristics of gender or race indicates that despite possible statistically significant correlations between such characteristics and default outcomes, political and cultural values of equality specify what 'should' determine whether an individual can get access to credit.

Risky Risk

From the 1970s, particularly with the wider dissemination of the credit card among consumers, the development of computing power for statistical modelling and the electronic mediation of data, credit scoring technologies were progressively deployed by lenders so that the sanctioning of new credit to new consumers increasingly became framed within a discourse of risk. In 1990, 82% of banks had adopted credit scoring mechanisms (Rosenberg and Gleit, 1994: 606) while today the technology is seen to be virtually ubiquitous within the consumer credit industry (Makuch, 2001a: 3-4). Yet, analysts of credit scoring present this not as a straightforward, unhindered rational adoption by lenders – on the contrary, it is written as a narrative of the persuasive triumph of the unquestionable efficiency of risk scoring over the relative inefficiency of human 'judgmental' decision-making. On one level, this is presented as a straightforward quantitative superiority – for example, its discriminatory potential is estimated to be 20-30% better, thus increasing the number of profitable customers accepted and decreasing the number of costly defaulters (McCorkell 2002: 213). Yet it is not only in elevated revenues and dampened costs that the use of risk is adjudged to prove its worth but in the wider efficiencies that it imparts to the lender's organizational operations. To these ends, credit scoring is deemed transparent, consistent, uniform, unbiased, less labour intensive and automatable. In addition it is time-saving, thus lowering the attrition levels of lost customers experienced while also providing a close calculable management control over lending policy (see for example Lawrence, 1992: 76-7; Jennings, 2001; Makuch, 2001a: 3; Glassman and Wilkins, 1997: 54-5; Rosenberg and Gleit, 1994: 590; Leyshon and Thrift, 1999: 445; Avery et al., 2000: 523).

But scoring had not only to face the problem of effectively constituting individuals as risks, it also had to 'gain the acceptance of the credit community' (Lewis, 1992a: 19). In this account of the 'mercurial outsider', statistical and operations research experts battled the regressive conservatism of lender managements historically wedded to judgmental decision-making as the traditional means of sanctioning credit to convince them of the progressive potential that credit scoring offered (p. 10-11). For instance, on the website of score modeller Fair Isaac noting 'milestones' in the company's history, one of the early events recorded in 1958 was when the company 'sends letter to the 50 biggest American credit grantors, asking for the opportunity to explain a new concept: credit scoring. Only one replies'.[5] Yet, that one reply from American Investment Corporation provided the humble launch-pad for Fair Isaac to prove the irresistible benefits of credit scoring (Lawrence, 1992: 74).

But, while a discourse of risk may have eventually triumphed over this managerial rear-guardism to become the pre-eminent means of conceptualising consumers in relation to default, the technologies through which risk itself is constituted are seen by experts to be subject to a permanent process of failure, contestation and regeneration and the rivalrous claims of competing methodologies, or even epistemologies, of risk.

The conceptual and operational basis upon which scoring models are built and deployed is subject to a permanent reflexive analysis that seeks not to dissolve the framework of statistical scoring methods but, on the contrary, to improve their potential discriminatory power in practice by rendering more accurately the predictive risk determinations of particular cases of default that they attempt to formulate. However, failure is endemic to the government of default through risk for the underlying ontological assumption is one of indeterminism and irreducible stochasticity. Although certain regularities can be seen within the population, the future actions of any one individual are not only not known but inherently *unknowable* (see Knight, 1971). In many ways, the permanent re-evaluation and renewal of credit scoring to more accurately locate the risk of individual consumers is a Sisyphean endeavour as the aspiration towards formulating the 'actual' risk 'truly' represented by a potential credit consumer represents a search for an index of relative unknowingness. If perfect predictiveness were possible, the concept of risk itself would disappear – as Mitchell Dean suggests '[r]isk, in this sense, never completely evaporates or disappears. It can be minimized, localized and avoided, but never dissipated' (1999: 146). The effectiveness of a credit scoring model can thus only be judged macroscopically on how well it distinguishes, at the level of the population of consumers and across numerous cases, distinctive sub-groupings of 'good' and 'bad' consumers and the degree to which it minimises misclassification.

Yet a credit scoring model's efficacy at distinguishing these sub-populations is seen itself to be subject to numerous 'risks' which interfere in its effective constitution of default risk.

Firstly, *methodological risks* attach to specific techniques used in the construction of models: discriminant analysis may be seen to suffer from the assumption of equal co-variance and normal distribution within the population sample while logistic regression may be particularly prone to analytical difficulties if the sample size is insufficient (e.g. Rosenberg and Gleit, 1994: 594; Lee and Jung, 2001).

Secondly, *procedural risks* attach to the specific construction of a model. Most critical here also is seen to be the problem of 'sample bias' (e.g. Lewis, 1992a: 41-2; Glennon, 2001: 245-52; Hand, 2001). Credit scoring is based upon the bureaucratic archived repayment history of the creditor which inscribes the collective against which any individual is deconstructed and assessed in terms of risk. However, by definition, that recorded history will only be composed of those who were accepted in the past and thus is not representative of the whole range of applicants that the creditor will encounter in the future. Another issue is seen to be that of an excessively homogeneous population (Avery et al., 2000). A large creditor deploying a scoring model across a large territory with an homogeneous conception of population cannot take into account regional economic characteristics and thus evident regional sub-population differences. Therefore, while the model may be predictive overall, it records relatively inaccurate risk scores, that is, an inappropriate ranking for individuals between regions.

Thirdly, *temporal risks* pose a threat to the integrity of a scoring model's risk determination (e.g. Glassman and Wilkins, 1997: 55; Hand and Henley, 1997: 525; Lee, 2001). Conceived as the problem of 'population drift', the correlations calculated between variables used to make risk predictions are fixed within the model but change and alter over time 'in the real world' of the population.

All these 'risks' – methodological in terms of the statistical technique to be used to animate the empirical data, procedural in terms of the technical process of crafting the model and temporal, by virtue of the dynamism and naturalism of populations – are perceived to affect the ability of a formulated credit scoring model to distinguish groups of 'good' and 'bad' borrowers, deplete the accuracy of the risk assessment made at an individual level and degrade the efficiency of the lender at producing profit. At any given threshold, more costly defaulters will be accepted and more profitable consumers will be refused credit. In response, the experts who elucidate these risks simultaneously offer means for obviating them: by formulating new techniques to improve predictive accuracy, establishing benchmarks for deriving representative samples, detailing how multiple scorecards can be deployed to account for regional and population variations, suggesting 'reject inference' techniques to estimate the probabilistic fates of historically rejected consumers and advocating the implementation, in association with lenders, of practices of periodic model validation and revision. Therefore, within credit scoring, the construction of the constitution of risk is thus never taken for granted but must be constantly evaluated, maintained and recreated in order to preserve the integrity and reliability of such constitution.

However, in terms of the constitution of risk, not only have statistical models been problematised, they have also been challenged by alternative epistemologies that have found some application with the domain of consumer credit (Thomas, 2000). Two which have attracted most attention have been:

- Decision / Classification trees. This method creates a decision-making model through the sequential splitting of an historical borrower sample by single, predictive attributes to form a map of homogeneous groups with similar levels of default. With the setting of an acceptable risk threshold, the attributes of future applicants can be analysed by this map to determine if the applicant falls into an 'acceptable' default group (e.g. Boyle et al., 1992).
- Neural networks. This system involves the training of an artificial intelligence programme with a historical sample of borrowers from which it 'learns' how to optimally distinguish 'good' from 'bad' borrowers through a repeated trial and error process (e.g. Malhorta and Malhorta, 2003).

Nevertheless, these competing alternatives do not engender a fundamental challenge to the discourse of risk around which the sanctioning systems of creditors are built. In fact, as Gruenstein suggests, any credit risk evaluation system is implicitly a statistical one (2001: 182). Each technology, in practice, seeks to know better the risk adhering to an individual applicant within the context of a population, to more accurately represent it in order to reduce the overall incidence of default endured by the creditor. In essence, the use of any one of these diverse techniques is assembled around the same ontological conception of what risk means. Although they differ by offering alternative avenues for knowing that risk, they share a common objective which is to more accurately render it as an objectivised quality of the individual.

Each, too, is concerned with the calculable effects of default, not 'causes'. In every case, default is conceived as an inherent aspect of the group and individuals are persistently conceived as agglomerations of attributes that are historically, probabilistically associated with a repayment outcome. Like more conventional statistical techniques, all of these alternative methods are predicated on failure. As the occurrence of default is conceived as being integral to the group and all attributes presented by all individuals are integrally related to a greater or lesser effect with default, then default remains irreducibly chancy at an individual level. These models do not seek to know whether the individual will or will not fail; rather they are concerned only with mapping the likely extent of such failure.

At the same time, none of these alternatives provide a clearly dominant paradigm for the construction of risk in terms of exhibiting an agreed discriminatory superiority in the practice of making credit decisions (Hand and Henley, 1997: 535-7; Makuch, 2001b: 138-9; Thomas, 2000: 160-1). Not only are they bound to a common conception of risk, none represent an advanced coherent rationalisation of the problem of knowing risk for each rival appears to confront its own autonomous technical dilemmas in the process of constituting it. Whereas risk technologies are presented as an advance upon traditional 'judgmental' sanctioning processes, assessable through a discourse of efficiency that measures its superiority in terms of greater calculability and accuracy, lower costs and higher revenues, competing risk technologies are locked into a discourse of relativism. For instance, a logistic regression model might be more predictive than a discriminant analysis but it is vastly more difficult to compute and implement in practice (Lee and Jung, 2001: 217). Similarly, a neural network might be good for modelling from a small number of cases but its key strength of mapping hidden relations in data renders it impenetrable to an intuitive explanation as to why a customer was determined to be an excessive risk – a statutory requirement under federal law in the United States (Malhotra and Malhotra, 2003: 93). More generally, the application of a risk technology to the question of how to govern credit consumers is not seen to confront an homogenous problem of how to ascertain risk. In a large and diverse market with lenders of varied size and specialism armed with different priorities and resources, and engaging with a particular array of consumer target markets, different technical means have particular characteristics that make them suitable for different kinds of creditor in different contexts depending on the structure of the data, the characteristics used and the speed of change in the population.

Fragmented Risk

Through the strategic deployment of an array of technologies to mine their recorded history of lending to a population of credit consumers, consumer lenders have come to conceive of future default contingencies by new credit customers within a discourse and apparatus of risk in order to rationalise their tactical decision-making on whether to grant them credit. But, with the entrenchment of credit scoring within commercial practices of consumer credit, the idea of risk has also come to colonise more aspects and domains of the lending process within and beyond the original problematic of determining the 'creditworthiness' of new customers, in doing so, extending the scope of risk as well as rearticulating other contingent areas and events of the lending process through its rubric. The development of credit scoring, as a system of risk, has also innovated and facilitated the treatment of conditional losses experienced by a lender across its portfolio of consumers, producing imaginative new connections between the 'micro' risk of the individual credit consumer and the 'macro' risk of a portfolio of such consumers.

Risk Colonisation

With the advent of new technologies of so-called 'behavioural scoring', the concept of default risk becomes temporally unbounded. Rather than just assessing a defined, fixed notion of risk before the credit agreement commences ('credit scoring' becomes more aptly termed 'application scoring'), the deployment of risk comes to be extended within the post-sanctioning phase in order to encompass the on-going management of the account by the creditor (Coffman and Chandler, 1983; Hopper and Lewis, 1992; Thomas et al., 2001). With application scoring, the ascertainment of an applicant's objectivised risk is implicated in the decision as to whether to accept them or what interest rate and restrictive conditions they should be assigned. However, with behavioural scoring, the applicant's risk is monitored on an ongoing basis through the systematic incorporation of new information as to how the applicant performs in order to frame a lender's contingent decisions on whether to renew a credit card account, adjust credit limits, target marketing efforts for other products or submit a delinquent account for collection. Different approaches exist for creating a framework to determine this conception of risk. One simply incorporates new information as it comes on-stream within an existing scoring model. Another approach is to directly model customer behaviour – either by a conventional means of relating individual attributes to the experience of the group or through the use of Bayesian methods which attempt to statistically extrapolate into the future based on the relatively small amount of information inherent in the individual consumer's demonstrable actions.

A second crucial dimension of credit risk colonisation has been the spatial extension of the concept of risk through the construction of bureau-based 'generic' scoring models. In 1989, the scoring consultancy firm Fair Isaac developed a risk scoring model based on the consumer credit history data held by the credit bureau Equifax; by the 1990s, it had extended the formulation of the risk model to the two other national credit bureaus, (Chandler, 2001). Whereas such data had been used by lenders within their own 'customised' risk models, the creation of the so-called 'FICO' model transformed risk scores into a commodity that could be bundled with individual credit reports sold to lenders who were unwilling or unable to formulate risk scoring models of their own, or who could incorporate the score ranking within their own customised systems. In either case, the marketing of FICO transformed risk from a discontinuous, variable attribution generated within the bounded population of a creditor's customer base into a standardised, continuous measure of risk constructed within the context of the wider national population; an enduringly standardised measure of risk permanently absorbing the repayment attributes of millions of credit consumers and dynamically updated across the entire field of consumer lenders.

Ironically, though, it is this very standardisation and commodification, creating a permanent circuit of risk visibility, which undermines the effect of its hegemony as a measure of default risk. Because it is a generalised measure of risk based on a mass population of consumers and constructed on the limited characteristics of repayment history, it is perceived to be a relatively inaccurate measure of risk when contrasted to models developed on the more particular empirical framework and market profile of individual lenders and which assess and incorporate a wider array of data including income, occupation and address (Chandler, 2001: 50). Similarly, as the institutional performance of lenders, their profitability and competitive advantage are seen to be linked to the discriminatory efficacy of the risk models they deploy, then a generic commodified model, which any lender can access, provides no competitive advantage. Nevertheless, as we will see in Chapter 4, one of the interesting developments in recent years with respect to bureau scores has been the development of consumer self-monitoring products on the internet for individuals to reflexively and prudentially manage their own FICO risk score in order to maximise their future opportunities for using credit.

Finally, a third avenue in the colonisation of risk has been its transplantation into other areas of decision-making within commercial consumer finance. Just as credit scoring transforms the uncertainty of repayment into a calculable risk, the application of statistical modelling attempts to transform relative operational uncertainties in such areas as marketing, debt collection and fraud into similarly numerical probabilities incorporable into a more efficient organisation of those domains. Other operational decision processes beyond new credit sanctioning thus become reconfigured through the framework of risk, with expert designed empirically-derived models discerning statistical associations between an array of individual variables and observable events modelled in order to reconstruct decisions as risk eventualities. For example, in collecting on delinquent accounts, a collections model analyses historical account characteristics to assess quantifiably what accounts should have retrieval resources devoted to them in order to maximise revenue returns and minimise the application of collection time and resources (e.g. McAllister and Eng, 2001). In soliciting existing credit customers for new and different kinds of products and services, statistical risk systems are used as part of a target marketing strategy to assess the likely responsiveness of a customer to a marketing solicitation in order to maximise the response rate and minimise the costs of administering the marketing endeavour (e.g. Jost, 2001: 198). Multiple configurations of risk can also be deployed in order to target those customers who are 'good' risks in terms of both responsiveness to the marketing offer and likelihood of default (Stanghellini et al., 1999). Finally, identifying fraudulent applications for credit may also come to be articulated and framed within a technology of risk (e.g. Gosh and Reilly, 1994).

From Micro to Macro Risk...and Back Again

It has been argued that risk is not a reified attribute of the world but a product of human understanding about the world, in turn, affecting our actions in relation to the risk experienced. This is clear when we consider recent attempts to articulate default risk at a macro level, attempts signifying the relocation of an abstract intellectual technology of risk onto a new plain for the conceptualisation and governing of consumer credit.

It is argued that even across a stock of credit agreements, risk is never dissipated (Jacobson and Roszbach, 2003: 627). The use of statistical modelling by a lender attempts to calculate the future quantified probability of default of an individual consumer, thus rendering the total anticipated costs of default across an array of customers as calculable and predictable. However, inappropriate modelling, the dependence of risk scoring on extrapolation from the past (which as we have seen, can be buffeted by such factors as unaccounted population drift or market specific conditions) and the simple perils of chance, which can impact upon overall default rates in any given year, all conspire to render levels of default imperfectly calculable at a macro level and so make uncertainty a seemingly irreducible aspect of consumer credit.

During the mid-1980s, a process known as 'securitization' grew to encompass stocks of consumer loans (Watkins, 2000: 922; Barth, 2002; Johnson, 2002). This involved consumer credit providers packaging their inventories of credit agreements as tradable bonds which could be sold at a price discounted on the basis of future revenue flows accruing to the credit agreement and reflective of the level of risk underlying these new assets. Although arising initially for stocks of auto instalment loans, loans with fixed predictable repayment schedules, the most recent growth has been in tranches of credit card debt. In this, the five major credit card providers Bank One, MBNA, Citibank, American Express and Morgan Stanley Dean Witter ('Discover Card') comprise 70% of the market for so-called credit card 'asset-backed securities' (Johnson, 2002: 288). Although maintaining responsibility for servicing the repayments from consumers, large credit providers such as banks have been able to remove stocks of debt from their balance sheets, raise fresh liquid capital on the basis of such illiquid assets and lower their stock of non-interest bearing reserves required under trans-national banking regulations. Employing a battery of instruments known as 'credit enhancements', securitizing firms have also been able, independently of their own corporate risk profile, to explicitly isolate and channel the level of risk presented by the portfolio that they are offering in order to minimise the premium needed to attract investors. Particularly in the case of auto-loans, lenders have also been able to off-load the majority of the macro-level risk presented by this stock of loans to the investing institutions.

It is argued that the creation of such securities, carefully calibrated for risk in terms of the likelihood of revenue and default losses across the portfolio exceeding a certain anticipated amount, is inherently connected to the proliferation of credit scoring mechanisms within consumer lending (Glassman and Wilkins, 1997: 55;

Guseva and Rona-Tas, 2001: 632; Makuch, 2001a: 17-8; Barth, 2002: 311-2). As such, the deployment of risk systems which construct risk determinations at the 'micro' level of an individual consumer set within the context of a population become intimately connected to, and a necessary precondition for, the construction of a higher order of 'macro' risk expressed at the level of the portfolio itself, enabling stocks of debt to be sold and traded as assets at a price premium tailored to its level of risk exposure.[6]

However, this 'micro to macro' linkage is not a uni-directional process for the purchasing and selling of stocks of residential mortgage debt to free-up the inter-state movement of capital has manifested a long history stretching back to the early years of the Great Depression and the formation of the Federal Housing Administration (Jackson, 1985: 216; Carliner, 1998: 308). At the end of the 1970s, 'Fannie Mae' and 'Freddie Mac' were chartered by the United States Congress as private but 'government-sponsored enterprises' to nurture a secondary market for the trading of mortgage debt – essentially these agencies were tasked by the state with purchasing mortgage debts from banks and other lenders, packaging them into revenue-generating portfolios of debt and selling them to national, and later international, investors. Prior to 1995, though, credit scoring had made very little headway into the assessment of mortgage borrowers. According to McCorkell (2002), the continued appreciation of real estate collateral obviated a concern for controlling the costs of default while a lack of a representative number of 'bad' mortgages was understood to make the modelling of default risk difficult to accomplish.

However, in the 1990s research by Fannie Mae and Freddie Mac concluded that the generic FICO model, popularised within consumer credit and not an actual explicit measure of mortgage default, nevertheless served as a relatively efficient predictor of mortgage default risk (Straka, 2000). Soon afterwards, both agencies began to 'encourage' mortgage lenders to use FICO scores as a constituent element in the assessment of any mortgages that they intended to sell to them, conjoining the individual calculability of risk of mortgages purchased to the risk-determined price of the tranches of mortgage debt sold. Therefore, the individual risk calibrating possibilities of credit scoring encouraged a 'macro to micro' risk linkage, with Fannie Mae and Freddie Mac, concerned with the wholesale risk represented by packages of mortgage debt, helping to foster the deployment of risk models among retail lenders and thus the constitution of individual mortgage credit applicants as 'risks'.

Deploying Risk

Some authors (Simon, 1987, 1988; Feely and Simon, 1992, 1994) view the use of risk and the deployment of statistical techniques as being indicative of a broader shift in the characteristic form of power being exercised at large in society, from discipline to actuarialism, wherein the latter is characterised by the increasing pervasiveness of abstract risk systems concerned with the management of populations. However, as O'Malley (1992, 1996, 2004) argues, risk systems are deployed in particular contexts for the resolution of practical quandaries within which they become enfolded and enmeshed. Within consumer credit, risk is a technology which is deployed in a multitude of ways, in a diversity of settings for a miscellany of ends. Scoring systems are not modelled and executed within generalised social conditions encompassing the increasing diffusion of actuarialism, imposing itself as a linear rationalisation in the exercise of power. Rather, they are brought into being within the relatively localised environs of specific creditors for the achievement of more or less cognisable goals. This is not to say that the creation of credit risk does not have its own discursive intensity and dynamism but its adoption and the purposes for which it is put are not uniform. The overall strategic objective behind utilising a risk technology is not to capture more exactly the risk of individual default presented by credit applicants but to make them visible and knowable as risks in particular, variable ways within the context of the population in order that they can be governed towards the achievement of certain objectives.

We have seen already how credit scoring technologies are presented within a discourse of relativity, the particular usefulness of any method being seen by experts as dependent on the particular characteristics of the firm, its operational features, the types of credit product it offers and the scope and scale of the consumer population it encounters. Yet it is not only the mechanisms by which default risk is constituted that are relativised but how that risk is deployed within actual practices of governing credit consumers. As one consumer credit industry analyst suggests:

> Over time, if the score development data continues to become more detailed and if the development techniques approach a terminal level for extracting information from the data, the scores produced by the various independent development efforts can be expected to converge when accuracy is considered. The data and development effort will always be distinguishing factors but for the larger players in industries with relatively stable product offerings, data and development expertise are becoming less of a competitive advantage. At that point, the competitive race will be won based on the creative design of both the score and its applications, as well as the level to which the score is relied upon (Makuch, 2001a: 4).

Seemingly, then, growth of market share through the progressively more effective identification of default risk by scientifically-endowed 'technicians' (Lewis, 1992b) is becoming less important relative to creative innovations in how the identification of risk is to be put to work through the innovatory, entrepreneurial ambitions of the firm.

Profit Scoring

The original development of credit scoring systems held likely defaulters as 'high risks' whose probable failure to repay constituted a potentially burdensome cost to lenders. Through the hierarchised attribution of risk to credit applicants, the technocratic dreams of efficiency that scoring promised were that the excessively risky could be isolated and managed through the denial of credit. However, as we saw in the last chapter, the 1980s and 90s saw significant changes in the market for consumer credit, particularly in the field of credit card lending involving a greater emphasis on marketing and branding by Visa, Mastercard and American Express, the emergence of new products like the American Express 'Optima' card and Montgomery Ward's 'Discover' card, the playing out of the effects of deregulation on interest rates and industry structures leading to the arrival of non-financial institutions like AT&T and General Electric to credit card provision, and the emergence of new 'monoline' banks specialising in the targeted marketing of credit cards to different profiles of consumer (Evans and Schmalensee, 1999; Klein, 1999; Manning, 2000; Millman, 2001). Against this backdrop, credit card ownership proliferated over broader swathes of the consuming population with possession among all American households increasing from around one-sixth in 1970 to over two-thirds in 1998 (Durkin, 2000).

This 'democratisation' of revolving credit in the form of the bank credit card helped reorient the way that risk was to be deployed and acted upon. Traditionally, mail order firms, finance companies and others involved in the sanctioning of credit had experienced risk as loss. However, the evolving form of plastic credit manifested a concern with consumer credit as a profitable enterprise in its own right, divorced from the sale of particular goods bound within fixed locations of time and space. Implicated within the perpetual, fluid, more self-governed consumption of goods sought by the individual in the everyday living of their lives, it heralded a shift away from credit as a discrete instrument of purchase to the regularisation of debt as a continuous, lived experience of consumption. This, combined with the standardisation of an interest-free grace period, displaced how risk could be understood. Whereas consumers who carried balances month to month paid interest on their debt, those who paid off their balances in full each month essentially paid nothing – earning the moniker of 'deadbeat' within industry parlance due to their lack of profitability, even costliness (Manning, 2000: 294; Williams, 2004: 30-2).

Crucially now, deadbeats were no longer those who were excessively risky but those who were excessively *safe*. This transformation altered the way risk could be conceived; it might no longer be represented hierarchically, as something to be isolated and minimised. On the contrary, risk could now be embraced in a lateral government of credit users as something positive and productive, conducive to market share and profitability (Graney and Wynn, 1992).

In consequence, the seemingly straightforward prioritisation given to the identification and minimisation of default risk by credit scoring experts has been distracted by a range of problematizations (see Rosenberg and Gleit, 1994: 592-3; Hand and Henley, 1997: 525; Jacobson and Roszbach, 2003: 626-7):

- Although a customer might be deemed an unacceptable risk at a given time period, refusal to grant credit might interfere with potentially profitable credit agreements with that customer in the future.
- Forms of credit such as credit cards may be more profitable for customers who are a higher risk when interest charges, fees and penalties are taken into account.
- The costs of misclassifying 'good' and 'bad' applicants are not constant; for example, a defaulted loan may be reclaimed through the use of a collection agency or may need to be written-off, with obvious implications for profitability.
- If a lender offers a portfolio of credit products, it may be more profitable overall, through cross-product subsidisation, to accept a relatively high risk applicant for one product if it opens marketing opportunities to offer them another although, complicating this, there is no guarantee that the customer will necessarily accept the offering of a future credit product.
- The interest profits on a larger loan to a higher-risk applicant may outweigh the lower costs presented by a lower-risk applicant for a smaller loan.
- Even more so than loan agreements, the construction of a sample of current credit users in order to produce a model for profitability would necessarily

have to be over a specific time-frame whereas customer profitability is an ongoing, longer-term variable.

If the simple isolation of high risk consumers has become subordinate to a range of more diffuse goals in terms of lender profitability, this does not represent the eclipsing of the role of statistical expertise and scoring technologies within consumer credit. On the contrary, the issues outlined above along with advances in computer modelling and electronic data retrieval have incited something of a transformation in the nature of credit scoring itself. As Thomas (2000) charts, there has been a recent shift away from models based on the determination of default towards the introduction of profit scoring models that explicitly aim to calculably optimise profitability independently of the minimisation of default risk. Crucially, this increases the complexity of data management, necessitating the regard for a whole array of new factors such as marketing, service-levels, organisational operations and pricing across the breadth of the creditor's operations. In effect, with the deliberate attempt to target profitability, the risk of default risk becomes simply one variable to be included within a more diffuse actuarial form of decision-making within the lender organisation, breeding the development of more complex modelling techniques (e.g. Carr and Luong, 2005; Crowder et al., 2005). The systematic determination of default risk continues but under conditions whereby that risk is subsumed and integrated into another, wider and more complex determination of risk – the risk that the credit consumer will be unprofitable to the lender.

But what is the broader significance of this new deployment of risk? For O'Malley (2000, 2004), the rise of the contemporary 'advanced' or 'neo'-liberal rationality of government signifies a change in the modality of risk more generally within society. Whereas before, uncertainty was to be alleviated through its calculated distribution across a population as risk, risk now represents the uncertainty borne by an entrepreneur within the exercise of a dynamic, adaptive entrepreneurial conduct. It is no longer something to be corralled within the permutations of technocrats but something to be set free and embraced as a source of gain through the foresight and verve of the entrepreneur. With the application of profit scoring to consumer credit, the constitution of default risk is disjointed from practices of avoidance where lenders select only a hierarchy of the safest borrowers and subsumed within a wider entrepreneurial engagement by creditors with the multi-faceted productive possibilities of consumer indebtedness. Yet the problem of profitability, of exploiting the contingent possibilities of marketing credit to consumers, does not necessitate a new dynamic, entrepreneurial engagement with uncertainty but rather, is again recast technologically and discursively as a question of risk. In fact, the very complexity of attempting to determine an optimal profit risk strategy in relation to individual consumers necessitates a greater dependence upon, not repudiation of, the systematised expertise of statisticians, operations researchers and other 'technicians' of probability.

Risk Pricing

Although default risk becomes subsumed within new techniques of profit scoring, the development of new risk pricing techniques denotes an alternative avenue for the deployment of risk. We have seen up to now how creditors have come to utilise credit scoring in order to produce a risk assessment of individual applicants from which a fixed threshold serves as the decision rule of acceptance or rejection.[7] However, the development of 'risk pricing' within the consumer credit industry during the 1980s displaced this binary conception of accept / reject with a continuum where interest rates and agreement terms are set according to the particular level of risk attributable to the applicant. The higher the risk presented, in general, the higher the interest rate imposed on the credit product by the creditor, ostensibly, to compensate themselves for the differential costs of default presented by differential categories of risk (Makuch, 2001a; Edelberg, 2003; Chatterjee et al., 2005) . For instance, on credit card issuer Capital One's website, advertised credit card products are divided into three categories with three different Annual Percentage Rates of interest depending on the 'quality' of credit exhibited by the individual – that is, the level of risk they are deemed to represent. For those consumers:

- with *above average credit* – 'low risks' – a rate of 13.15% applies
- whose *credit needs some improvement* – 'medium risks' – the rate is 15.15%.
- demonstrating a *limited credit history* – 'high risks' – the rate is 20.05%.[8]

Dean argues that the use of risk in such a form renders it a continuum rather then a break, or in his memorable phrase, it 'does not divide populations by a single division so much as follow the warp and weft of risk within the population' (1999: 146). There are no longer single population demarcations but rather categories of risk – the rejected are no longer the inverse of the accepted but are subdued as a residual category deemed too risky, even with the attribution of high interest rates. Although the population as a whole remains the primary locus of risk, risk now becomes deployed to allow the targeting of sub-populations – the population as such becoming managed not as a mass but as a spectrum. A similar process of what is termed 'risk unpooling' or 'segmentation' has recently become evident in the domain of private insurance. Rather than the 'socialising' of responsibility (Baker, 2002), private insurance firms are now motivated towards producing ever-finer discriminations of risk among their populations of policy holders in order to individualise responsibility while maintaining the exclusion of the excessively costly (Ericson et al., 2000).

Edelberg contends that credit risk pricing only became more common in the mid-1990s in the United States as more sophisticated risk modelling techniques and lower computerisation storage costs made such a process practicable:

> Prior to the expanded use of risk-based pricing in the mid-1990s, low-risk borrowers were essentially paying relatively higher rates than were appropriate, and high-risk borrowers were paying lower rates. As premiums adjusted to better reflect risk, the spread between premiums for higher risk people and lower risk people increased (2003: 20).

She demonstrates that since 1995, risk-defined premia have increased for numerous types of consumer credit, most prominently for first-home mortgages, automobile loans and credit cards.[9] As Edelberg notes, the extension of risk based pricing is related to the profit motivated expansion of consumer credit, allowing as it does for expansion in two directions: individuals who were formally excluded for being unacceptably risky are now included at a higher price, even among conservative creditors, while individuals who were formerly included are now offered credit at a lower price and so are given the potential to consume more of it. Risk pricing is thus seen to enhance the general welfare – rewarding the low risk with low rates and allowing the high risk the opportunities of credit formerly denied to them (Johnson, 1992: 28; White, 2004: 503-4).

Marshall McLuan once remarked that money was the poor man's credit card. Yet, one of the most high profile outcomes of risk based pricing for consumer credit within the United States has been the emergence of the so-called 'sub-prime' market. With the development of more sophisticated scoring models, some creditors, due to the perceived saturation of the mainstream credit market for 'good' risks, began to specialise in differentiating between types of 'bad' risks, offering credit to the more acceptably risky in combination with intrusive monitoring and restrictive terms including high interest rates, low credit limits, collateral deposits and swingeing penalties and fines (Gilreath, 1999: 150-53). Among the most infamous of the sub-prime lenders was credit card lender Providian, one of a new breed of the monoline banks which, as we saw in Chapter 2, emerged within the United States during the 1990s:

> Providian may not have invented sub-prime lending, but it certainly perfected it. The company's genius was in segmenting people based on financial behavior. Founded in the mid-1980s and originally called First Deposit, Providian created a [scoring] system that made it possible to find the 'perfect' credit card customer: someone who cared more about low minimum monthly payments than high interest rates and who would pile up

> debt but would rarely default. 'We found the best of the bad', says a former executive (Koudsi, 2002: 2).

Providian's rapid expansion in the late 1990s, assisted by favourable economic conditions and low employment, led it to becoming the fifth largest credit card provider in the United States and one of the most revered companies of Wall Street for its uninterrupted earnings growth, spurring established competitors like Capital One to copy its sub-prime practices. Here, entrepreneurialism, represented as the development and deployment of a superior scoring technology combined with the foresight, verve and skill to embrace a particular market segment that more established competitors were too 'risk averse' to countenance brought what seemed like just rewards for the company:

> Net earnings jumped by 45 percent annually between 1997 and 2000; card loans outstanding soared from $18.8 billion to $32.2 billion today. In 2000 Providian posted a 39.21 percent return on common equity, 17 points better than Citigroup... (Millman, 2001: 105).

Its business success was clouded however by accusations of predatory lending, illegal collection practices and exploitation, leading to class-action suits and company settlements of $300 million (Millman, 2001: 108). By the end of the 1990s, economic recession and consequential risk over-exposure drastically curtailed the sub-prime market, almost destroying the acutely risk-exposed Providian. As such, Providian perhaps represents the emblematic cautionary tale of neo-liberalism, that taking risks for reward implies the very real possibility of failure and loss without restitution if greed for success overtakes one's capacity to entrepreneurially manage those risks.

A similar 'down-market' process is discerned by Ericson et al. (2000) in their analysis of the contemporary insurance industry.[10] They argue that risk segmentation is simultaneously a process of risk assessment and marketing. The more sophisticated deployment of risk does not mean excluding bad risks – on the contrary, the diffusion of a more complex risk assessment is characterised by a greater level of incorporation of individual consumers within its market fold either through firms pricing different levels of risk or concentrating on a particular risk niche market. 'Substandard' risks may be profitable once they are adequately priced, no alternative exists and the insurance coverage is compelled. They cite the example of a motor insurance firm which deliberately marketed itself to high risk consumers, profiting handsomely from the high premia it charged, a lack of competition, its restriction of coverage payments and the high interest rates it charged on instalment payments.

Risk pricing and the emergence of the sub-prime markets in credit and as well as other markets demonstrate the new ends to which risk is being deployed. Before, the attribution of risk was used to exclude those deemed more likely to add to costs than to revenues, manifesting as a bifurcate division between the acceptably and the unacceptably risky. However, in a competitive consumer market propelled by profit, this simple division gives way under such techniques as risk pricing to an inclusionary impulse. As with profit scoring, rather than the 'risky' being suppressed they are actively engaged with – the attribution of risk serving not to locate and divide but to define and price. In a sense, there are no longer 'bad' risks, only un-entrepreneurial lenders with inferior or badly leveraged risk technologies resigned to the saturated, low-profit 'prime' markets. The expansion of capital thus leads to an increased downward targeting of consumers with more and more being integrated, on differential terms, leaving only a residuum of excluded, un-free non-consumers. As with the problematisations and potentials presented by the targeting of profitability, risk pricing cannot simply be reduced to some unilinear, rationalising process of 'actuarialism' or even the manifestation of a practical response to a capitalistic profit motive on the part of lenders. Rather, risk pricing coalesces from the articulation of new forms of expertise and profit with new ways within which individuals as consumers can be understood and acted upon as risks.

In combination with this new potential, the identification of risk now comes to be used to adjust the price of credit to the particular, discrete self-governing potential of all consumers so that the availability of choice wrought by credit is restricted to their calculated ability to uphold the freedom to choose. This new responsibilisation also implies a reallocation of the costs of default. With 'community pricing', or a single risk cut-off point, the inevitable costs of default that accompany the deployment of risk are distributed by the lender across the whole body of accepted credit consumers through the setting of a single interest rate. In certain ways, a single risk cut-off point represents a particular solidarism in terms of credit that mirrors 'social' forms of insurance. In effect, all credit applicants accepted by the lender were conceived as being sufficiently self-governing to justify the advance of credit. With the inevitable default of some, default being seen as endemic to the population, the costs were borne in the common interest rate paid by all – as one analyst of credit scoring terms it, the 'cross-subsidisation' of losses and expenses (Makuch, 2001a: 16). On the contrary, risk pricing ensures that the individual is made culpable for the costs of their own risk and those who share it through a segmented pooling of the similarly risky. The individual is thus made responsible for their own capacity as a consumer, for the consuming costs and horizons of opportunity implicit in their individualised projects of consumption. 'Deserving' consumers pay less (Makuch, 2001: 16) while, by implication, 'undeserving' consumers pay more. Like O'Malley's (1992, 1996, 2000, 2004) conception of the 'new prudential' individual who, under newly contrived governmental arrangements, must exercise their own careful, individualised choices in defence against 'risks' like illness and unemployment that were formerly distributed across the social body, the contemporary credit consumer is made responsible for the risk that they themselves represent, for the condition of their own life and the choices that they have made in the past determining their credit consuming potential in the present.

Borrowing on the Fringe: The Fate of the Risky

With the deployment of sophisticated risk technologies, the question arises as to the fate of the 'excluded', that 'risk residuum' deemed to lack the responsibility to pay for their own risk; 'what to do about those not in a position to aspire (legitimately) to the seductions of commodities – the unemployed, the incompetent, the criminal and the dispossessed?' (O'Malley, 1994: 213). It seems that no matter how risk is drawn, deployed or acted upon, it creates a permanent bifurcate division between those that are tolerably risky and those that are not. Even with the proliferation of risk-pricing techniques within which the risk of default loss is compensated by higher interest rates and the development of a viable subprime market wherein higher risk consumers may be profitably targeted, the very continuance of risk as a conceptual and technological tool within consumer credit presupposes a residuum, a permanent underclass of consumer who is not, and perhaps never will be, in a position to be a self-governing consuming subject. They are, it seems, fated to remain beyond the reaches of a mainstream credit market so dependent for its profitability on the capacity of free consumers to govern the permanent cycle of desire, fulfilment, disillusionment and new desire so intimated and facilitated by credit. As acutely observed by Valverde (1996: 361), liberalism's claim to universal freedom has always been tempered by its absence in reality, demonstrating not so much its hypocrisy as an essential aspect of its constitution. Similarly, Bauman (1988) argues that freedom is a permanent relational state, defined against that which is unfree and coerced.

Within consumer credit, the 'acceptably risky' are those identified who can be trusted to achieve a stable equilibrium between the ongoing fulfilment of their consumerist desires with the responsibility of timely repayments. As we have already discussed, risk is a relational construct; it embodies no intrinsic meaning except as part of a quantitative hierarchy. A consumer is only more or less risky than any other consumer. Therefore, risk always implies the possibility of excessive risk, those whom are seen to be unable to exert the necessary self-government, those who are conceived as being unable to achieve the necessary balance between the hedonism of credit-enabled purchases and the puritanism of regular, interminable monthly bill-payments.

But how is such exclusion achieved? Of course, unstable employment or insufficient income may be obvious attributes which weigh heavily in formulating a low credit score for an individual but within the contemporary consumer credit market, the ability to self-govern is most clearly and coherently evidenced by a credit identity, the inscribed history of the individual's credit use and notable failures in using credit. As we have seen, credit reports create an objectivised history of the consuming subject, a real-time 'data-double' dynamically reflecting and determining the possibilities of self-governed credit consumption. Through the assemblage of credit reporting, exclusion manifests two avenues. On the one hand those with no history of credit use, in particular, the poor, the young and recent immigrants, are unable to fabricate a credit identity and thus, from the general prospective of creditors, are unable to demonstrate a viable potential to govern themselves. Its absence thus embodies their exclusion and becomes a double-bind perpetuating their marginalisation within credit markets. On the other, those demonstrating histories inscribed with payment delinquencies, defaults, collection actions, court judgements or bankruptcies are bound to an identity which actively demonstrates for creditors, through the empirical predictive framework of risk, the incapacity of that consumer to effectively regulate their future selves. These too are fated to remain outside the marketing sphere of mainstream credit providers.

Bankers to the Poor

However, despite a general state of exclusion from mainstream consumer finance, such consumers are not excluded from the possibilities of credit consumption.

Rather, the types that they do consume exhibit a structure and form which make no effective claims to, nor depend for their profitability upon, the self-governing abilities of these consumers. In practice, they do not deploy technologies of credit scoring constituting individuals as risks nor feature as junctures within a national credit reporting assemblage which derive and calibrate the consumer's capacity to self-govern. These lenders are known as 'fringe', 'second-tier' or 'high-cost' lenders, such labels explicitly distinguishing them from conventional banks, credit card firms and finance companies, their perceived presence beyond the mainstream reflecting the persistent exclusion of their clientele as much as the features of their operation.

Within the contemporary American market, there are three main types of fringe-lenders which can be identified: pawnbrokers, payday lenders and 'rent to own' retailers.

Pawnbrokers

These are the historical successors to the 19th century forms examined in Chapter 1 with the general function of the pawn transaction remaining the same – a small amount of money is advanced on the temporary pledge of personal items which are later redeemed on repayment of the amount advanced with interest (Johnson and Johnson, 1998; Manning, 2000: 203-5; Peterson, 2004: 18-21; Caskey, 1991, 1994: 37-54, 2005: 26-30; Caskey and Zikmund, 1990; Oeltjen, 1989, 1990). The most commonly pledged items of value are jewellery, electronic equipment, cameras, musical instruments and firearms. Traditionally, pawnbrokers have been regulated at a state and municipal level through the statutory specification of such terms such as maximum monthly interest rate and additional fees, licensing and bonding requirements, transaction and forfeiture procedures, oversight authority and inspection contingencies (Oeltjen, 1990: 234). According to Caskey, effective interest rates, including fees, on an average size loan can vary from between 36% to 355% per annum (1994: 40) while he estimates that, although pawnshop loans represent significantly less than 1% of outstanding consumer debt, around 10% of the American population may have recourse to regular pawn transactions as a source of credit (1990: 49).

Following a steep decline since the 1930s, the number of pawnshops has increased dramatically since the 1970s to around twelve thousand nationwide, with such growth concentrated mainly in Southern and Central states (Caskey, 1994: 47-9, 2005: 27). However, in the last few years, pawnshop numbers have declined relative to the increasing popularity of payday lending (Caskey, 2005: 27-8). One significant recent development, though, has been the emergence of so-called 'Car Title' loans as a variant on pawning (Quester and Fox, 2005; Fox and Guy, 2005). These are high-value loan transactions secured on the basis of title or possession of an individual's car with principal and interest due at the end of a single monthly period or the lender claiming ownership of the collateral in the event of non-payment. According to Fox and Guy, the regulatory system for title lending varies nationally with certain states authorising high or no interest ceiling title loans in some form, others enforcing lower cost title loans, and the rest regulating the industry under general usury or small loan rate ceilings. Interest rates for these types of loan are believed to average 300% per annum including fees (2005: 5-10).

Payday Lenders

Payday lenders tend to be examined as a subset of the check cashing industry which itself is often framed against the wider problem of access by poor and minority groups to mainstream banking facilities and the relatively expensive commissions charged by check-cashing firms (Caskey, 1994: 54-78, 2005: 31-40; Mullen et al., 1997; Squires and O'Connor, 1998; Manning, 2000: 205). Check cashers, as their name suggests, are essentially commercial offices which offer cash in exchange for government, payroll or private cheques, charging a variable commission to the individual for the service. The rate of commission is often dependent on the perceived risk of the transaction, with higher commission charged for personal cheques more susceptible to bouncing. According to a Consumer Federation of America survey, commissions for pay-cheques average 2.34% of the cheque's face value, for Social Security cheques, 2.21% and for personal cheques, 9.36%.[11]

Payday or 'deferred deposit' loans, a relatively recent innovation from the latter half of the 1990s, represent an increasingly available additional service offered by check cashing firms and others. In a payday loan transaction, a customer writes a personal cheque to the lender held as security or post-dated with the individual's date of wage payment. In exchange, the borrower receives the amount agreed for which the cheque is drawn less a fee representing the loan's interest payment (Squires and O'Connor, 1998; Manning, 2000: 205-8; Wiles and Immergluck, 2000, Peterson, 2004: 10-8; Caskey, 2005: 17-26; Stegman and Farris, 2003; Elliehausen and Lawrence, 2001). On a two-week $100 loan, a 2001 CFA and PIRG report found average equivalent annual interest rates of 470% nationally, rising to an average of 780% APR in Massachusetts and New York (Fox and Mierwinski, 2001: 12-3). Estimated numbers of payday lenders have risen from insignificant levels in the early 1990s to around 14,000 major offices, lending anywhere between $8 and $14 billion to approximately 15% of American households (Stegman and Faris, 2003: 9). Recent variants on such loans include so-called 'Refund Anticipation Loans' where a discounted loan is advanced by a lender, in this case usually one of the main commercial tax preparation service firms such as H & R Block or Jackson Hewitt, for a period of between seven to fourteen days, secured on the basis of an individual's anticipated federal tax refund (Wu et al., 2006).

Rent to Own Centres

This form of lending represents a reactivation of the old European notion of Hire Purchase, designed to legally mask a consumer credit transaction under the guise of a lease agreement. 'Rent to Owns' are essentially specialised retailers that lease goods to consumers over a defined period of time, at the end of which the consumer

Figure 3.1 Neon Sign for Fastcash Pawn Outlet, Wyoming. Source: Winter Water Wonderland Photography

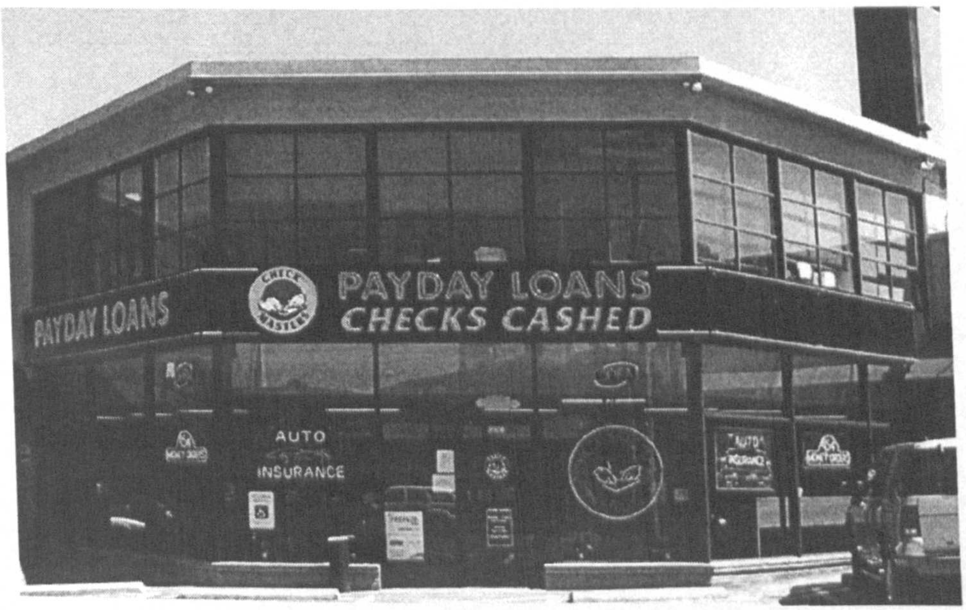

Figure 3.2 Modern Payday Lender Storefront, Washington State. Source: Bellvue Community College

assumes legal ownership (Manning, 2000: 208-9; Swagler and Wheeler, 1989; Martin and Huckins, 1997; Hill et al., 1998; Peterson, 2004: 21-5; Lacko et al., 2000, 2002). However, each payment increment is autonomous so the consumer endures no legal obligation to continue with payments until the end of the agreed period. In the event that payments cease, the rental agreement may be terminated with possession of the good reverting to the retailer. Fulfilled ownership rates from rent to own agreements are uncertain with estimates by the industry itself of 25-30% contrasting with alternative findings of between 60-70% by independent studies (Lacko et al., 2002: 128).

Goods provided are, in the main, home appliances and electrical equipment such as televisions and computers but also includes such items as home furniture and jewellery. At the end of the 1990s, it was estimated that there were around 7,500 such outlets nationwide dealing with some 3.5 million customers and generating industry revenues of $4.5 billion (Martin and Huckins, 1997: 385). In not generally being recognised as forms of credit, rent to own transactions are not specifically governed by federal or state credit laws, such regulation being effected in the vast majority of states through their framing as lease agreements. However, courts in several state jurisdictions have ruled that rent to own transactions are credit sales and thus subject to the requirements of state credit statutes (Lacko et al., 2000: 3). As a rental form, there is no explicit specified interest rate, with the cost of payments embedded within the weekly or monthly charge – in this, a 1997 PIRG survey found that rent to own good prices were between 2 and 5 times that of conventional retailers producing implicit annual interest rates of around 100%.[12]

Credit Consumption on the Fringe

What is particularly striking from the foregoing description of fringe credit forms is the enormity of the interest rates being charged. Compared with mortgage interest rates of 6-7% and credit card rates of 15-25%, fringe lenders exact enormous annual equivalent interest rates stretching well into triple figures. Industry apologists point to the relative small size and short-term nature of most loans and the relatively high administrative costs which require lenders to charge high interest rates in order to produce a profit. Detractors accuse the industry of gouging the poorest members of society who, often in desperately perilous financial circumstances, have nowhere else to turn for stop-gap loans and whose lack of education makes them particularly susceptible to questionable lending practices (Caskey, 2005: 18-9). They point also to the continuous exploitation of consumers whose marginal existence means they often cannot repay the amounts owed and must continuously roll-over the principal, paying ever-more interest to service what they cannot pay off. It is obvious that such lenders exert a considerable hold over the poor, profitably extracting large amounts of interest from those least able to pay it with. Indeed, it is particularly ironic that banks who themselves exclude 'risky' borrowers have been partnering with payday lenders in order to share in the buoyant revenue streams of industry (Fox, 2004).

However, what is particularly interesting is the degree to which fringe borrowing becomes a site for the reactivation of old dilemmas, arguments and quandaries. We saw in Chapter 1 how loan sharks and 'low grade' instalment lenders were similarly accused of exploiting the most needy individuals, while advocates for the legitimisation of consumer borrowing pointed out the necessity of higher usury ceilings for consumer loans relative to general commercial loans given the former's relatively small size, short duration and high risk. In the 1960s, David Caplovitz's (1963) path-breaking sociological study *The Poor Pay More* revealed the high rates of interest and duplicitous sales practices experienced by individuals and households living in disadvantaged communities. As such, what questions of usury and exploitation expose beyond themselves is the anxiety that society permanently feels towards the poor and the destabilising effects perceived to be attached to their consumption and credit practices. At the same time, the responses and interventions called forth to alleviate their difficulties indicate much about how the state, and other sites of power, comprehend the task of government.

Pawning, payday lending and 'renting' represent distinctive forms of credit, yet they are bound by common features which collectively both characterise and distinguish them from conventional consumer financing. Numerous studies indicate that the young, low and moderate income earners, renters rather than homeowners, the relatively poorly educated and Black and Hispanic ethnic minority groups are the predominant consumers of pawnbrokers (Caskey, 1994: 68-73; Caskey and Zikmund, 1990: 6-7; Johnson and Johnson, 1998: 37-50), payday lenders (Squires and O'Connor, 1998; Wiles and Immergluck, 2000: 5-7; Fox and Mierzwinski, 2001: 5-6; Elliehausen and Lawrence, 2001: 28-32; Stegman and Faris, 2003: 14-5) and rent to own centres (Lacko et al., 2000: 31-4, 2002: 132; Hill et al., 1998). Spatially, too, such types of lender are calculated as being generally overrepresented geographically within poor and minority neighbourhoods (e.g. Graves, 2003; King et al., 2005) as well as in districts with military bases containing ready supplies of low-paid, 'vulnerable' military personnel (Graves and Peterson, 2005).

Yet, at the same time, these lenders do not represent a marginalised form of enterprise commercially. Like the chattel and salary lenders of the late 19th century, contemporary fringe lenders have expanded through chain and franchise networks but, unlike these, they have been very heavily capitalised in doing so. The most striking example has been the success of Cash America Investments which expanded from a group of four Texas pawnshops to become a publicly-quoted company in 1987, later achieving a listing on the New York stock exchange in 1990. In 2005, it operated 464 pawnshops across 21 states under the Cash America and Super Pawn brands as well as 286 payday advance offices with total gross revenues of over $594 million.[13] Within the rent to own industry, the NASDAQ listed Rent-A-Center, founded in 1986, has emerged as America's leading rent to town retailer with 2,775 stores and 297 franchises across the United States, Canada and Puerto Rico and corporate earnings in 2004 of over $2.3 billion.[14] Payday lenders have also forged operational connections with mainstream, nationally chartered banks which allow these lenders to evade state usury and other loan ceilings by operating legally under the umbrella of the bank and thus lending on the basis of the rate ceiling pertaining to the state in which the bank has its headquarters (Fox and Mierzwinski, 2001; Fox, 2004).

Fringe lending represents not the antithesis of consumer credit, a fading legacy of the past to be eliminated through the colonising impetus of banks and credit card companies. On the contrary, its form and reach has expanded and developed in concert with the growth of mainstream consumer credit since the 1970s. Pawnshop numbers have expanded significantly, doubling their numbers alone over the course of the 1990s (Johnson and Johnson, 1998: 7). Rent to Own stores more than tripled their number between 1982 and 1996 (Manning, 2000: 209) while the payday industry, only in existence in the latter half of the 1990s, has grown to perhaps as many as 14,000 major outlets (Stegman and Faris, 2003: 9-10). These lenders thus represent an inherent part of consumer lending, its logic of exclusion, its necessary dark side specialising in the poor and disenfranchised.

Interestingly, many commentators have pointed to the effects of market liberalisation on the upsurge of fringe banking (Manning, 2000: 198-200; Squires and O'Connor, 1998: 7-10, Johnson and Johnson, 1998: 8-9). For instance, the Depository Institutions Deregulation and Monetary Control Act of 1980 removed interest rate ceilings on bank deposit accounts. Having previously subsidised artificially low interest rates with low or no account fees and charges, this deregulatory measure raised deposit interest rates but increased annual fees, minimum deposits, cheque cashing fees and others costs associated with the operation of checking accounts, in many cases putting them beyond the feasible reach of low-income households. The Financial Services Modernisation Act 1999 ended New Deal-era restrictions on financial institution ownership, thus leading to industry consolidation, a pattern of branch closure concentrated in low income and minority communities and a greater orientation toward financial products tailored towards wealthier households, again lowering proportions of poorer and minority families with ties to conventional banking institutions. According to the Federal

Reserve, households without some form of bank account were predominantly of 'low incomes, to be headed by a person younger than 35, to be non-white or Hispanic, to be headed by a person who was neither working nor retired, to be renters, or to have relatively low levels of wealth' (Bucks et al., 2006: 12). Without access to conventional banking facilities, such segments of the population may be cut-off from their attendant credit facilities and to be drawn towards high-cost fringe alternatives. Under neo-liberalism then, fringe lending has expanded as the necessary 'other' of consumer credit, the alternative commercial domain for the temporary resolution of material necessity and transient realisation of consumerist needs for those existing on the margins.

In targeting the same population strata, the three main forms that fringe lending takes manifest a lack of dependence upon the self-governing capabilities of the individual to maintain repayments. Each, rather, provides an alternative set of external mechanisms that transcend the perceived lack of will of the consumer, coercing repayment or enframing action which alleviates or manages the risk of financial loss to the lender stemming from non-repayment. Pawnbrokers, historically, have been the paradigmatic case whose loans are framed around the physical deposit of valuable collateral which requires repayment with interest by the individual for redemption or which is liquidated to satisfy the debt. Typically pawn loans are advanced to the value of half of what the item would achieve if it were sold, providing a calculable financial gain to the lender regardless of the contingent outcome. Non-redemption rates are estimated at between 10-30% (Caskey, 1994: 41-2). Payday loans are similar to pawn loans except that the form of collateral deposited, a personally drawn cheque, represents a more abstract, but more readily disposable, form of value in the event of default. Given this lack of intrinsic value, there is a greater marshalling of the actions of the individual upon which the value of the cheque is dependent. Unlike the other two forms of fringe borrowing, the individual must maintain a conventional checking account in good standing and exhibit a history of pay-cheque deposits in order to be eligible for a payday loan (Elliehausen and Lawrence, 2001: 54; Fox and Mierzwinski, 2001: 5-6). Such customers, then, would seem to experience less distance from banking facilities. Finally, rent to own transactions are constituted on the basis of being a sequence of autonomous transactions with an ultimate outcome of ownership or return; such lenders thus always maintain legal ownership of the item until the end of the contracted 'rental' period. In the event of default, the lender may at any stage claim repossession of the good to be leased in a new transaction as well as possession over whatever payments had been made (Zikmund-Fisher and Parker, 1999: 200).

Ironically, then, the most 'risky' strata of consumers pose little effective risk to fringe lenders in terms of default. Axiomatically, in engaging in a coercive government of credit consumers to regulate the risk of financial loss, fringe lenders are characterised by both a general absence of risk assessment technologies and referrals to credit reporting systems. As such, systems designed to assemble and calculate the self-governing potential of the individual are irrelevant when the actions being recorded are not free but, instead, are channelled through external constraints which obviate the risk of financial loss. In fact, this 'freedom from freedom' is often the primary marketing line for fringe lenders, for example 'everyone is preapproved ... no credit is needed' (cited in Manning, 2000: 208) while the absence of assessment procedures is cited as a key motivating factor in the consumer's decision to borrow from these sources with such consumers having already been turned down for conventional credit or anticipating that they will be (Swagler and Wheeler, 1989: 152-3; Hill et al., 1998: 4; Elliehausen and Lawrence, 2001: 56; Johnson and Johnson, 1998: 67).

The credit use of fringe consumers is thus not assessed nor recorded and so does not form part of a formalised credit report enveloping and framing future credit choices. As we have analysed in an earlier chapter, objectivised credit identities trace the individual's process of self-narrativisation through consumption, forming an accumulated, dynamic, historically constituted picture of the individual's self-governing abilities. In contrast, fringe borrowing is discontinuous and short-term, exhibiting no institutional memory of the individual's actions. Whereas bank loans and home equity lines of credit are measured in months and years, mortgages in decades and credit cards indefinitely, or at least until the consumer finds a better offer, payday and pawn loans are transacted in fortnightly or monthly bursts. Even rental credit, calculated across contractual periods of 18 to 24 months, remains discontinuous, the actual obligation for payment extending no longer than the end of that week or month, each period autonomous and independent of the previous and subsequent one.

Such discontinuity also describes the engagement of the fringe loan. They exist not with a predictable regularity like a monthly credit card bill or a loan statement but at certain times of the years, in response to particular pressing events. As such, 'the likelihood that recent [payday] customers will have an advance outstanding at any point in time varies according to seasonal factors' (Elliehausen and Lawrence, 2001: 47) while, in relation to Rent to Own, around 30% of items leased are not carried through to ownership despite the inherent loss of capital (Lacko et al., 2000: 56).

Fringe borrowing is not about responding to desire within a process of personalised self-fulfillment, of tracing an inner self, a coherent story anchoring the subjectivity of the individual. Rather, it represents a response to external pressures, of 'needing' rather than 'wanting' to borrow (if such a Veblen-esque distinction can defensibly be made). For pawning and payday loans, relatively small amounts of money are contracted at irregular times in response to unforeseen events. In Elliehausen and Lawrence's (2001: 47) study, two-thirds of payday loans were in response to 'unplanned expenses' and to tide over a 'temporary income reduction', with consumers often becoming ensnared in a continuous 'rolling-over' of loans through the individual's inability to pay-off the amount owed in full (Wiles and Immergluck, 2000: 3-5; Stegman and Faris, 2003: 19-25). Caskey (1994: 70) similarly cites a 1990 survey by the New York Provident Loan Society where 81% of pawners indicated pressing circumstances or outstanding bills as the reason for borrowing. Even the seemingly 'discretionary' expenditure of rent to own is circumscribed, like payday lending and pawning, by the individual's general lack of access to alternative credit forms.

In the consumerist market where the individual is tasked with the obligation to uphold the continuous, informed exercise of choice between different goods and services, fringe borrowers excluded from conventional credit exhibit no choice, have no alternatives to choose between. Politically and economically marginalised within society through poverty, under-employment and ethnicity, they borrow in order to pay utility bills or furnish their homes, reacting to threatening contingency and poverty of circumstance that disrupts and impinges the possibility of self-determination rather than acting according to the neo-liberal virtues of autonomy and choice. Such borrowing manifests the unfreedom of attempting to overcome acute and chronic crises, of utilitarian necessity and curtailed resources, rather than the freedom of pursuing a flowing aestheticisation of the self.

In Bourdieu's framework, as examined in Chapter 2, the economic capital possessed by individuals shapes and moulds the level of their cultural capital, their informational and symbolic resources, and the particular 'habitus' or set of internalised dispositions that they demonstrate towards multiple fields of social life (Bourdieu, 1984, 1986; Bourdieu and Wacquant, 1992). However, as he suggests, the means of transmission of cultural capital remain hidden, its exhibition giving the appearance of a natural, unquestioned competence rather than one which is contingent. The position of the fringe borrower, their 'choice' to consume forms of fringe credit, is fundamentally rooted in the economic conditions which render them excessively risky in the bureaucratic assessment procedures of mainstream lenders and without much alternative to pawning and the payday loan for their often pressing, utilitarian needs. At the same time, their lack of economic capital conditions their lack of the specific cultural capital required to negotiate financial transactions with banks and other mainstream lenders. Their dominated economic position also conditions a habitus unconsciously predisposed to, at ease with and at home in the expensive, 'irrational' forms of fringe borrowing objectively designed (small loans, short periods, fixed fee, no obligation etc.) for those of their socio-economic position (see Aldridge, 1998: 5). In a sense, where one (desperate?) individual sees a manageable $30 fee on an essential two-week $300 payday loan, another sees a horrendous annual equivalent interest rate of 260%. Thus not only is the exclusion of the poor accomplished actively, though technologies of risk, but passively, through their lack of informational resources and embodied 'taste' for forms of credit that exacerbate and exploit their own poverty.

Transforming the Fringe Consumer: Rationality, Markets and Risk

With a presupposition of rational *homo economicus* attempting to maximise his or her scope to choose, analysts of the fringe borrowing phenomenon have attempted to grapple with the problem of why ostensibly rational individuals would choose to consume such punitively expensive forms of credit. In relation to rent to own leasing, Zikmund-Fisher and Parker (1999: 204-8) hypothesise that such consumers operate with sets of preferences manifested through their restricted choices ('price insensitivity'), a strong preference of present benefits against future costs, a desire for the imposed budget discipline of rental payments, and a high risk aversion that values the payment escapability of a lease contract (see also Swagler and Wheeler, 1989: 148-53; Elliehausen and Lawrence, 2001: 56; Bertrand, 2006). The rationality of fringe borrowers is thus shaped by the confluence of circumstances within which they are culturally and economically entrenched, in a fashion which distinguishes it from 'middle-class' forms of rationality. In a similar but more overtly normative vein, Peterson argues that fringe borrowers, in general, consistently underestimate the problems of fringe debt, excessively value the present over the future, have cultivated a manifestly compulsive 'addiction' to high-cost credit and resolutely fail to update their preferences in light of new information. As such, fringe borrowers are seen as individuals who are different from mainstream consumers, whose rationality has been pathologically distorted to the extent that exploitatively expensive forms of credit are chosen over cheaper alternatives (2004: 165-91).

Yet, this micro-economic analysis of a 'relativistic' as opposed to an 'impaired' rationality is really a discursive sleight of hand. In airily positioning fringe borrowers as making choices that are a function of particular economic, cultural or social conditions, these conditions are solidified as an overwhelming determining 'cause' of action, which somehow interpellate the individual, are solidified within them and forever after determine what and how they choose. Mark Granovetter (1985) calls this the 'oversocialised' conception which, ironically, individualises and atomises in its explanation of economic behaviour as much as the 'undersocialised' view of the neo-classical economic paradigm. In such a fashion, the choices of fringe borrowers are explained in relation to wider causal factors but in such a way which re-individualises the explanation of those choices. Ultimately, then, their conduct persists in being perceived as the product of an inherited, flawed rationality.

This, as we shall see shortly, plays out in the mode of intervention called for to alleviate the financial difficulties of such borrowers – rather than a political solution concerned with the structures of society and attendant inequalities, it takes as its focus the need to 'educate' and 'enlighten' the choices made by them in conjunction with the installation of a contrived market mechanism to envelop the realisation of those choices. Rather inevitably, the 'oversocialised' account flatters the prejudices of neo-liberalism, its preoccupation with the autonomous, enterprising subject, its valorisation of the market and its repudiation of acting on poverty through the structures and solidarity of 'society'.

In his analysis of fringe lenders, sociologist Robert Manning repeatedly emphasises the vulnerability of fringe consumers whose poverty and lack of education make them particularly susceptible to the advertising siren calls of the fringe lenders offering opaquely-costed credit with easy access terms and no credit check protocols or risk assessment procedures (2000: 209). Despite his sympathetic account of their plight, Manning's narrative of susceptibility similarly treats fringe borrowing as a form of deficient rationality. For instance, in vividly describing the sales strategy of rent to own retailers, he details how:

> The feeding frenzy commences immediately as salespeople befriend potential customers, assess their initial needs and desires, trump them with 'special offers' for higher-quality products or models with 'premium features', and then swiftly seal the deal with instant credit approval and same-day delivery and installation. *Unsuspecting customers*, especially those who have been frequently rejected for retail credit, *are overwhelmed by the slick sales pitches, personal flattery, and instant fulfillment of their consumer romance* (2000: 214 – my emphasis)

Embedded in the perpetual drudgery of poverty, afflicted with inadequate education and tasked with enduring an almost permanent exclusion from the consummation of a sensuous 'consumer romance', the will of fringe consumers towards moderated consumption and deferred gratification, to regulate the combination of excited internal passions and compelling external temptation, is held to be severely compromised. Consequentially, this leads to their engagement of credit use that is not in their own ostensible best interest, either through the lost equity of unsustainable leasing payments or ensnarement within a permanent cycle of rolled-over debt that renders them trapped and helpless. Perhaps the most startling narrative of this 'absent will' attaches to the rent to own industry which has been beset by lurid media reports highlighting the extremes of consumer vulnerability associated with this form of credit including harassment and threats, breaking and entering, even the solicitation of sexual favours (so-called 'couch payments', presumably by female debtors to male collectors) in lieu of payment in specie (Lacko et al., 2002: 128).

Thus, steeped in the difficulties of material deprivation compounded by personal failing, resistant cultural values and the cynical ploys of lenders, the individual is seen to be locked into a dependence upon fringe borrowing through which they manifest and reinforce an impaired ability to exercise rational choices (Caskey, 1994: 78-83). But what is to be done about fringe borrowing as a perceived social problem of exploitation? How are programmatic, ameliorative strategies of intervention framed by policy experts under the rubric of neo-liberalism?

One approach focuses on bolstering the rationality of the individual subject. In relation to the specific case of rental credit, extension of the Truth in Lending Act is sought. Just as the entrepreneurial autonomy of consumers became acted upon within the conventional credit market through the Truth in Lending act which mandated the disclosure by creditors, in a standardised fashion, of the dollar and percentage cost of any proposed credit agreement, a common system of disclosure is advocated for rental consumers (Hill et al., 1998: 8; Swagler and Wheeler, 1989: 158; Martin and Huckins, 1997: 424; Lacko et al., 2000: 89-97). In relation to fringe borrowing more generally, credit counseling and the promotion of individual financial literacy through targeted educational programmes which nurture and develop the choosing capabilities of consumers are proposed (Martin and Huckins, 1997: 424; Stegman and Farris, 2003: 28; Barr, 2002: 460-61, 2004: 236-7) while payday borrowers are themselves encouraged to shop around and compare costs, seek alternative cheaper forms of credit and enroll in a debt repayment plan with a credit counseling agency (e.g. FTC[15]; Fox and Mierzwinski, 2001: 24).

Peterson, while advocating similar disclosure and protection measures, proposes the radical solution of actively testing a consumer's ability to understand simple credit agreement terms and calculations as a precondition for a borrower's receipt of a fringe loan (2004: 300-4). Comparing the 'irrational' consumption of high-cost credit to the 'irrational' decision to smoke tobacco, Peterson also suggests adding stark 'financial health warnings' to credit advertisements and other documents in order to help match the individual's 'purchasing preferences with their own best welfare' (p. 309). He sees such emphasis on safety rather than morality as an effective way to avoid the patronising of borrowers – rather than being told borrowing is 'wrong', they must be cautioned to be 'cautious'. From Peterson's perspective then, irrational, un-restrained borrowers must be heavy-handedly 'persuaded' by a benevolent state to properly govern themselves in ways which are known to be in their own interest.

Other proposals focus on the formation of the fringe market itself and call for specific interventions to alter its functioning to ameliorate the conditions experienced by vulnerable consumers. Consumer Federation of America studies, in particular, have advocated the legal prohibition of payday lending based on the personal cheque possession and the elimination of legal loopholes which allow payday lenders to evade state usury, small loan and consumer protection laws by partnering with nationally-chartered banks or by offering services across state lines through the internet (Fox and Mierzwinski, 2001: 24; Fox, 2004: 27-8; Fox and Petrini, 2004: 37). By highlighting a play upon the legal capacities of the state, the market itself can be seen to be directed in a way which protects fringe borrowers susceptible to its exploitative grip.

Beyond the individual and the fringe market itself, the conventional consumer credit market, and mainstream financial services industry more generally, are targeted as a domain through which marginalised, fringe borrowers might be inducted to become mainstream borrowers. Encouraging the opening of bank checking accounts is seen as a key site and locus point where contact can be established between the individual and the financial system through more flexible opening hours, the creation or better advertisement of low-cost checking account services including overdrafts, and the introduction or return of bank branches and ATM services to marginalised and minority communities (Caskey, 1994: 128-38; Mullen et al., 1997: 7; Squires and O'Connor, 1998: 10; Hermanson and Gaberlavage, 2001: 8-9). The state too is seen to have a role to play through more stringent enforcement and a more effective formulation of the Community Reinvestment Act which, as we saw in Chapter 1, attempts to programme responsiveness by institutions to the financial needs of excluded communities within which they are geographically located (Squires and O'Connor, 1998: 11; Barr, 2004: 233-5). More recently, through a separate initiative in 2001, the Department of the Treasury established the 'First Accounts' scheme which sought to provide government funds to financial institutions and organisations to subsidise the cost of providing electronic banking accounts and other services to low income individuals, as well as contributing to the provision of consumer education and counseling services (Barr, 2004: 222-3).

In a similar manner to the Treasury initiative but outside the ambit of the state, the National Community Investment Fund, a semi-philanthropic financial body created to promote investment within community-based financial organisations, fashioned the 'Retail Financial Services Initiative' in 2003, a pilot scheme designed to promote access to financial services for low income 'unbanked' individuals through a group of participating banks and credit unions (NCIF, 2005). Through the initiative and in strategic partnership with community-based organisations, small emergency loans and forms of credit mirroring the structure of payday and tax refund anticipation loans were offered to consumers at rates and terms significantly less onerous than fringe alternatives. Yet, the provision of access to low cost forms of credit provided only one side of the solution for these persistently 'risky' consumers. Inherent to the scheme was a focus upon permanently changing the behaviour, the rationality, of marginalised borrowers by way of lender-based education and counseling plans enveloping and developing the 'whole customer':

> Though RFSI institutions work with customers many other institutions would consider high-risk, most would argue that customers who get into trouble with overdrafts or late loan payments rarely do so with fraudulent intent. Rather, they don't understand how financial products work and what the consequences of misusing them are. Or they simply have bad habits, and changing them takes time. Monitoring and early intervention are thus essential tools for both reducing risk and helping customers develop good financial habits. *It's not enough to give customers access to products; institutions have to help the customers use them prudently* (NCIF, 2005: – section 8.2 – my emphasis).

Thus, through the actions of specific community and civil society groups, vulnerable fringe borrowers have been inducted into prototype or 'transitional' alternative markets which, rather than being generated within the capitalist sphere for the creation of profit, have been custom designed to protect and rehabilitate these marginalised consumers with credit forms designed to meet their small loan and credit needs at a significantly lower cost than those offered by the fringe market (see Stegman and Farris, 2003: 27-8 on credit union provided alternatives to payday loans and Hill et al., 1998: 8-9 on an alternative credit scheme offered in place of Rent to Own). However, with low-cost access comes the *quid pro quo* of obligatory credit counseling as a precondition of access, an interventionist scheme to permanently change their financial habits.

In initiating consumers constituted as 'risky' into the mainstream market for credit and financial services as an alternative to exploitative, fringe lenders and check cashers, the latter's deployment of punitive interest rates and coercive forms of government are replaced by transitional credit forms which mimic their functional arrangement but which are also operationalised through new mechanisms to improve or rehabilitate the self-governing capacities of the excluded. To make them self-governing requires not only the fabrication of a market alternative to allow them the continuous possibilities of autonomous choice but the exertion of a close surveillance and pedagogic instruction which transforms them as subjects so that they might be able to comprehend what it means to regulate the self, or at least be persuaded of the need to exert a routine of 'good habits' in the conduct of their financial affairs (c.f. Valverde, 1996). The possibilities of choice thus require that the right sorts of choices be made.

In an interesting scheme reported by Bertrand et al. (2006), a North Carolina Credit Union offered a Salary Advance Loan programme mimicking the period and size of payday loan provision but secured instead on the deposit of the individual's future salary payment. Built into the scheme was an obligatory 'Cash Account', an interest-bearing savings account into which was forwarded 5% of the value of each loan advanced. By despotically enforcing good savings habits through the use of credit, the rationality of the individual is braced in ways which are understood to be ultimately beneficial for them. Like a child being inveighed to eat their greens who grows up to find a meal without a vegetable portion to be wanting, it is hoped the imbuing of good habits will lead to a permanent transformation in the way the individual makes free choices in relation to borrowing and saving.

At the beginning of this section, it was argued that technologies such as credit reporting and risk scoring systems calibrate and measure the self-governing abilities of credit consumers. In doing so, they reflect and shape their pattern of access to mainstream credit sources and systematically exclude pools of consumers unable to exhibit such a narrative of disciplined consumption. For these, the discontinuity and coercive regime of fringe borrowing remains the only credit alternative to sustain the household through emergency and fulfill the miraged longings prompted by consumption. However, just as they serve as the locus of exclusion, both the credit reporting assemblage and technologies of credit scoring represent manipulable possibilities for inclusion. Rather than 'transitioning' such manifestly 'risky' borrowers to mainstream alternatives or acting to augment their will to promote sustainable credit choices, technologies of surveillance and risk may be deployed in a fashion which alters the constitution of individuals as risks in order to ostensibly recognise their potentially secure, true self-governing natures. This has been codified as the problem of 'underserved' or 'thin file/no file' market segment encompassing the young, immigrants, the poor and minority groups:

> Those with low income and who are left out of the credit system have a difficult time building assets. To a considerable extent this is because they cannot borrow. They have a hard time borrowing because there is far too little information on their credit history to predict risk. Note that this is true of those consumers with 'thin-files' who are credit risky as well as those who are creditworthy (IPI, 2005: 5)

Therefore, because credit reports inscribe creditworthiness through the surveillance of particular types of information, certain groups (particularly minorities and recent immigrants) are systematically and persistently excluded not just from credit but all those marketed services, including insurance providers, employers and tenants, which make consumer access dependent on the content of a credit report. In the field of credit reporting, the Information Policy Institute (IPI) advocates the inclusion and reporting of 'alternative data sources', such as telecoms, utility and rental data which have 'credit like' characteristics and the assessment of which might be statistically predictive of future credit actions. In such a fashion, the credit referencing agency Experian has begun collecting an array of just such 'alternative data' from checking accounts, landlords, payday lenders and money transfer companies in an attempt to understand the logistical feasibility of collecting such information and to empirically test its statistical predictiveness of credit default (Tescher, 2006). Meanwhile, the credit score modeling firm Fair Isaac has developed a scoring product known as the 'FICO Expansion score' which produces risk attributions for credit sanctioning decisions based on 'alternative' and other data sources available to the lender, as opposed to the traditional FICO system's dependence on credit reference agency data (Horan, 2005)

This is not, though, about providing indiscriminate access to credit for those who are poor or marginalised but, rather, about enhancing the technologies of the market in order to identify the 'underserved's' effectively self-governing sections – those who pay their phone and electricity bills as fastidiously as a conventionally creditworthy consumer pays their credit card bill. By technically adjusting how objectivised credit identities are inscribed and readjusting the empirical terrain of risk assessment scoring systems, narratives and calculations of self-governed consumption can be systematically conjured into existence for situating lending decisions. Potentially, 'underserved deserving' consumers can be absorbed through the boundaries of the market, promoting not only profitable consumer credit use but the consumption of other services, employment, mortgage credit and the possibilities of asset-building inherent in homeownership. Thus from the potentialities of market involvement stem directly the promises of a wider inclusivity.

Social Inclusion and the 'Credit Underserved'

Within Western societies, the neo-liberal discourse of 'social exclusion' is seen to have become central for framing state intervention in the alleviation of poverty and social fragmentation (Levitas, 1996; Lister, 1998). With a transformation of emphasis from equality to 'equality of opportunity' and social rights to 'social responsibilities', paid work and education have become the primary malleable programmatic vehicles through which a 'multi-dimensional' poverty – cultural, political as well as economic – is to be acted upon and the lowest strata 'integrated' into the rest of society. Within the foregoing analysis of the problem of fringe borrowing or the wider problem of exclusion from mainstream financial services, the usual suspects have persistently appeared: the poor, the young, ethnic minorities and immigrants, a heterogeneous 'underclass' located within territorialised communities spatially and socially cut adrift from the rest of society. They are, as Bauman describes them, 'flawed consumers':

> people unable to respond to the enticements of the consumer market because they lack the required resources, people unable to be 'free individuals' according to the sense of 'freedom' as defined in terms of consumer choice. They are the new 'impure', who do not fit into the new scheme of purity. Looked at from the now dominant perspective of the consumer market, they are redundant – truly 'objects out of place' (1997: 14).

But society does not condone such 'objects out of place'. The question remains, then, as to how are they to be 'tidied' in the framework offered by neo-liberalism? Although identified and located as explanatory variables, their social conditions and the structural features of their expropriation do not serve as the site of intervention or amelioration. Rather, expertise articulates the problem as a discrete dimension of social exclusion – the 'unbanked', the 'credit underserved' – and frames intervention through the relation of these groups to the market for credit and financial services and through the ways that these individuals are understood to make choices. Whether by way of the legislative power of the state, the beneficence and enlightened self-interest of financial organisations or the pragmatic localism of community-based groups, the targeted individual is to be subjectively conditioned, in concert with debt counselors and personal finance advisors, with an augmented capability to exert an autocratic self-regard over the sustainability of their consumption practices and credit choices.

At the same time, the objective conditions and context within which choices are made are deliberately and multifariously engineered through programmes of market regulation, 'transitionary' credit forms and mechanisms more responsive to the specific conditions of marginal consumers that steer the limits of what can be chosen. Here, the market represents less a site for the mutual fulfillment of interest than a malleable tool, or set of tools, for ensuring maximum personal choice. Yet, what both have at their core is a concern with developing the autonomy of abject consumers so that they can become self-realising, or more effectively self-realising, consuming subjects, capable of managing the risk that they represent as consumers and free to entrepreneurially pursue the conduct of their lives as a narrative of their own choosing.

$ $ $ $

Within the United States during the 1920s and 30s, the population emerged as a locus of analysis for lenders offering credit for consumption. The development of credit accounts at department stores and mail order companies became intertwined with new administrative technologies and accounting procedures at the level of the firm, displacing the borrower as an individual subject whose distinctive 'character' augured an uncertain potentiality of default, with financial flows, attributes and rates of default as constitutive elements of the wider customer body.

Against the backdrop of the post-war consumption boom of the 1950s, a new form of mass consumer credit developed in the credit card; unconnected for the first time with any specific form of consumption, its profitability was inherently bound to its own perpetuation within generalised consumption, implying new forms of population management by lenders as well as a greater reliance on the self-governing capabilities of the consumer. Such 'plastic credit', in expanding the scope and reach of credit within the everyday lives of consumers, regularised a more or less permanent state of indebtedness. At the level of the state, a new economic policy of Keynesianism elevated collective mass consumption over production as the critical lever of economic growth – deficit spending echoing personal indebtedness in the promotion of consumption. At this time statistical techniques began to give a novel articulation to the problem of identifying non-payers and reducing the costs associated with default across a lender's population of consumers. Credit scoring, the analysis of statistical relationships between variables and default outcomes within a population thus became applied to the governing of sanctioning decisions by these mass lenders, rendering credit applicants visible and governable in new ways as risks.

With the establishment of the Equal Credit Opportunity Act 1974, programmes of credit scoring received official state sanction as 'objective' instruments for the determination of creditworthiness and were thus encouraged as a means of ending discrimination within lending. Through the idea of risk, the act naturalised creditworthiness as a capacity of the individual, reflecting risk's more general reification of phenomena as 'real' properties of the world. Of course, the deployment of risk itself could not lead to the easing of structural inequalities within society – rather, they became depoliticised, divorced from an oppositional identity, hidden and rendered incontestable within the equations of the expert's model. However, the neutralisation of the subjective created a disparity between the opportunity to consume and one's lived experience, fostering opposition to the 'iron-cage' treatment of individuals and protests as to the reduction of 'human qualities to abstract quantities' (Ritzer 1995: 141).

However, systems of risk do not simply disperse through the consumer credit industry according to their own interminable logic as more rational, more efficient means of governing consumers. On the contrary, credit scoring technicians have retrospectively portrayed lender managements of the past as Luddite regressives, organisationally wedded to outdated inefficient methods of judgemental decision-making before their inevitable submission to the tide of progress offered by credit scoring. More crucially, though, the systematic statistical constitution of default risk is itself perceived by its experts as being beset by a perpetual array of risks which require the constant reappraisal of methods and procedures and the periodic renewal of models within which risk assessments are created. The very success of a risk discourse in conceiving and governing the problem of default has led to the imaginative investment of its technologies in new ways and in new areas within the operations of lenders, fragmenting its cohesiveness by re-articulating it through an unbinding of time, a broader more continuous reach across the population and a penetration into other areas of contingent consumer management such as debt collection, marketing and fraud detection. In certain specific ways, the calculation of individual default risk has also become interconnected with a higher order of risk conceived and systematised around the governance of uncertainty and loss experienced at the level of an entire portfolio of consumers and their debts.

However, not only are systems of risk open to 'risks' and continuous re-evaluation and the concept of risk subject to fragmentation through its application to new practices but the risk determinations constructed within models are themselves invoked by experts and lenders in new and shifting ways. Before, risk embodied a negative connotation with lenders identifying the 'tolerably risky' as the threshold for determining whether the individual was to be sanctioned credit. Although varying from lender to lender, the idea of a single risk threshold denoted a simple binary division between the included and the excluded, the (relatively) safe and the intolerably risky. However, against the backdrop of a dynamic market and the increased emphasis on consumption in the formation of identity, risk assumes a positive status as an attribution to be entrepreneurially assumed and profitably exploited.

Within consumer credit, this has taken one form through the incorporation of default risk within a statistical determination of the profitable credit consumer. Here, the subtext of risk changes, from that which is potentially dangerous and to be avoided to that which is too safe and unconducive to financial return. Elsewhere, the centrality of default risk to the government of credit consumers persists but in a form which increasingly responsibilises the individual for the costs of their own self-government through the adjustment of interest rates and other terms to the specific identification of risk. Here, the idea of a single risk score representing a single checkpoint to an homogenous collective becomes dissolved onto a spectrum of risks enveloping a segmented market. What was avoided before as 'bad risk' becomes sought after as a high return, growth-fuelled dynamic market segment, as distinct from a 'safe', sclerotic, 'middle of the road' market. Costs, formerly socialised by a single, common interest rate are now individualised, turned upon those segments each according to their due.

But the question arises as to the fate of the 'excluded', that 'risk residuum' deemed to lack the ability or responsibility to pay for their own risk, those 'flawed consumers' of consumer society (Bauman, 1997). They are denied access to the seductions of the market, excluded from circuits of credit consumption through their paltry or blackened credit record and the manifestation of personal attributes – occupation, income, neighbourhood – 'objectively' indicative of their lack of creditworthiness or, what amounts to the same thing, their inability to manage themselves. For them, the 'fringe' financial service providers await – the pawnbroker, the payday lender and the rent to own centre which envelop the irrational, un-self-governable within more coercive mechanisms that guarantee governability: the pledge of collateral, the holding of a customer's post-dated, guaranteed cheque or the denial of the transaction as a *de jure* credit agreement. While such consumers may exist on the fringe, the ever closer relationship between fringe lenders and mainstream financial capital reveals that even the poor, the excluded, the marginalised are not beyond the interest of capital and profit. In essence it is such borrowers alone, not their 'bankers', who subsist on the 'fringe'.

Notes

[1] 'Consumer FAQs', TransUnion. Available online at http://www.transunion.com/content/page.jsp?id=/personalsolutions/general/data/GeneralFAQ.xml [25 March 2006]

[2] However, Keynesnianism was not simply a transformation in macroeconomic policy by the state but represents, more fundamentally, the invention of macroeconomics itself as a discipline, a new means of economic governance bound up in a new 'avalanche of numbers' – GDP, balance of payments, industrial production and consumer prices – made known and harnessed for war production (Suzuki 2002).

[3] Of course, risk is not an overarching definition but is created within particular relations with specific lenders for particular types of credit product. It has no stable coherency as an identity for individuals but emerges, discontinuously, at particular access points within circuits of consumption. Nevertheless, the preponderance of risk definitions which encompass the individual through their credit choices, shaping their credit opportunities, do coalesce around the individual over time to determine their general place within, or outside, the margins of consumption.

[4] 'Credit Scoring: Facts and Fallacies', Fair Isaac, available online at http://www.myfico.com/CreditEducation/FactsFallacies.aspx?fire=5 [accessed 9 September 2005].

[5] 'Company milestones', Fair Isaac, available online at http://www.fairisaac.com/Fairisaac/Company/Milestones [accessed 27 March 2006]

[6] Gilreath (1999: 152-3) argues that securitzation is the main avenue by which subprime lenders are able to raise capital – see section on 'Deploying risk'.

[7] Within consumer credit, the development of a scoring model by a lender typically resulted in two forms of decision-rule: either a single risk cut-off point would serve as a threshold or else a double threshold top-and-tail system would be introduced. In this latter, the lender would automatically accept all applicants exceeding the upper threshold and reject all applicants underneath the lower threshold. Intermediate area risks would then be subject to a more intensive review before a final decision would be made as to whether credit would be advanced or not.

[8] 'Compare our cards', Capital One, available online at http://www.capitalone.com/creditcards/comparesecondary.php?linkid=WWW_Z_Z_01_CCOMP_C7_01_T_SCOMP2 [accessed 15 March 2006].

[9] Interestingly, she links the increasing use of risk pricing in credit card over other types of consumer loans to the co-extensive existence of secondary markets for credit card debt, a form of trading itself made possible by the use of credit scoring. See also Gilreath, 1999: 152-3

[10] The link between risk in insurance and in consumer credit has acquired a new significance in recent years with the development of so-called 'insurance scores'. Fair Isaac, for instance, has developed a 'generic' modelling product which predicts an individual's probabilistic likelihood of making an insurance claim based on their credit use recorded at the national credit bureaus, such scores being used to set coverage and premium levels for insurees as well as the targeting of marketing efforts (see Boyd 2001). Such products have proven controversial with certain states moving to legislatively limit their use by insurance companies.

[11] CFA (1997) 'Check cashers charge high rates to cash checks, lend money', Consumer Federation of America Press Release, 21 August 1997

[12] PIRG (1997) 'Don't rent to own: the 1997 PIRG rent to own survey', U.S. Public Interest Research Group, available online at http://www.pirg.org/consumer/rtotext.htm [21 April 2006]

[13] America Annual Report 2005. Available at http://www.cashamerica.com/pdf/2006Narrative.pdf [accessed 7 June 2006]

[14] Rent A Center 'Corporate Overview'. Available at http://www6.rentacenter.com/site/page/pg5639.html [accessed 7 June 2006]

[15] 'Payday Loans = Costly Cash', FTC Consumer Alert. Available online at http://www.ftc.gov/bcp/conline/pubs/alerts/pdayalrt.pdf [accessed 7 June 2006]

Chapter 4. 'See How Lenders See You': Risk, Uncertainty and Self-identity

> Let us all be happy and live within our means, even if we have to borrer the money to do it with.
>
> Artemus Ward

The political rationality of liberal government, caught between the dilemma as Foucault (1991) shows of governing too much or too little those domains – 'population', 'economy' 'society' – deemed external to the formal apparatus of government, has always depended upon the self-governing capacities of individuals. These capacities it has sought to mould, shape and direct, in a word, to 'govern' for the purposes of maximising the collective security and wellbeing of its domains of rule. However, within its contemporary forms, liberalism has grown increasingly disillusioned with the possibility of governing *through* the dynamism and vitality of these domains, reorientating itself instead to the contrivance of marketised choice for the individual so that the intentions of government are accomplished through their individual capabilities, their subjectivity, their freedom.

As Dean (1999a: 194) explains, neo-liberal discourse detotalises the economy so that it is no longer understood as being co-extensive with the territory of the nation-state, as something that can be regulated and managed in and of itself; rather, it becomes reframed as a mere constituent of a globalised economy by which it is buoyed and buffeted and against which it must be made 'competitive' through the 'enterprising' of individual and organisational conduct. However, this does not represent the end of economic government – only the end of its accomplishment across a totalised national space through such mechanisms as Keynesianism or bureaucratic state welfarism. Rather, the economy becomes nurtured through acting upon and through the freedom and autonomy of the individual to choose, a root given soil in the reconstitution of more and more areas of social experience as consumer-oriented markets. In being autonomous, in living their lives as personalised enterprises and as projects of fulfilment, individuals collectively contribute to economic growth and prosperity. With consumer confidence and spending as key indices of economic performance and two-thirds of American Gross Domestic Product seen to emanate from personal consumption, the autonomy and freedom of the individual to choose are seen as central economic resources to be cultivated.

Monica Greco (1993), in analysing contemporary conceptions of health, argues that disease is no longer conceived today merely as the opposite of health, the irruption of a normal state of being through the manifestation of a particular disease or condition like 'flu or heart disease. On the contrary, everyday life has become pathologised with the individual perceived to be always potentially 'at risk' from illness through the complex interplay of individual disposition and environmental context. Within this she argues that the individual has become encumbered with the responsibility of ensuring the maintenance of their own health through the making of 'healthy choices' in every facet of their life, from exercise to alcohol consumption, from salt intake to workplace stress. However, not only must a personal preventative capacity be exercised through the making of these prudent, informed choices but the unwillingness or inability to act 'healthily' must itself be acknowledged as a form of disease. Illness thus comes to denote a lack of self-mastery while health becomes an expression of enterprise, a personalised project sustained through the ongoing prudent exercise of choice.

The idea of health, as we will see throughout this chapter, provides a substantial imaginary whenever individual creditworthiness is discussed:

> Your credit score influences the credit that's available to you, and the terms that lenders offer you. It's a vital part of your credit health. Understanding credit scoring can help you manage your credit health.[1]

> Lenders can partner with myFICO to help their customers improve their credit understanding and health.[2]

> The easy to use kit facilitates better financial health by interactively walking consumers step-by-step through the process'.[3]

> Credit scores are a lot like cholesterol counts – you cannot evaluate a patient's overall health based solely on that one number. Physicians must consider the patient's lifestyle, family history, eating habits, as well as the cholesterol count.[4]

What is revealing about this health metaphor is that it follows the contemporary understanding of psychosomatic health presented by Greco. Health, whether medical or credit, is no longer a *state*, something considered when disease strikes or a loan application is refused by a lender; it becomes, rather, a *personal project* for which the individual is required to manage, the continuously reproduced outcome of an array of choices which the individual must be persuaded to take in order to be healthy (see also Bauman, 2000; Vaz and Bruno, 2003). This is the position of the individual under neo-liberalism whose operation of freedom, autonomy and fulfilment become the conduit of government rather than its antithesis.

As we have seen previously, the rise of a mass market for consumer credit was an interweaving process accompanied by the promulgation of written, tabulated records of repayment and the sanctioning of access around relativistic conceptualisations of creditworthiness. Within this emerged a heightened understanding by individuals of themselves as credit users and the realisation of a responsibility to manage themselves. With the greater deployment by lenders of statistical scoring systems constituting individual consumers as risks, especially with the rise of the Fair Isaac generic model based on data held by credit bureaus, a demand for score disclosure became articulated by consumers themselves, ultimately leading to Fair Isaac and the credit bureaus offering scores to consumers as a marketed product. However, a credit score exists in abstract. It represents the data in a credit bureau file in a specific way, creating in numerical form a default risk assessment relative to the mass population of credit users. This bureaucratised technology was created for lenders to calculably determine acceptable default levels and so guide individual sanctioning decisions on all applications for credit. To be incorporated within individual self-governance, it had to be made meaningful and relevant, to be articulated as a norm which the autonomous individual could deploy in order to shape their actions towards ends beneficial to a care of the self.

This chapter attempts to examine how the contemporary American credit consumer has become aligned to a credit identity articulated as risk, coming to subjectively understand and govern themselves through such an identity born from technologies of actuarial government forged by the consumer credit industry. The first section outlines the development of the FICO credit scoring system by the company Fair Isaac as a so-called 'generic' form of credit risk analysis based on the information held by the three credit national credit and the events which led to its formalised, marketed disclosure to consumers, against the initial wishes of the company itself. The following section examines the specific mechanics of how an alignment is made between the individual's actions in using credit and the technologies of FICO credit scoring so that the individual becomes aware of the significance of their credit score as a 'FICO identity'. The third section analyses the way that such technologies of risk have become parlayed into identity 'security commodities' to be purchased and incorporated as consumer goods by the individual in order to defend, enhance and illuminate their personalised lifestyles. The fourth section scrutinises how such security commodities, based around the disclosure of the individual's actual score, are used by the individual to reflexively manage their risk-expressed identity and thus their ongoing consuming potential. An attempt is also made to demonstrate the significance of the concept of 'uncertainty' and how risk, as a technology for producing a calculable relation to the future, has become an identity to acted upon by the-consumer under incalculable conditions. The final section then focuses on a particular form of uncertainty faced by the contemporary consumer, the 'risk' of identity theft, and how forms of prevention becomes incorporated within specific practices of the self.

Risk Identity, 'FICO' and the Consumer

The Rise of the Generic Credit Score: The Branding of Risk

By the end of the 1980s within the United States, a significant shift occurred in the technology of credit reporting. As detailed in Chapter 3, credit scoring technologies had begun to significantly proliferate among lenders from the end of the 1970s as a means of interpreting the creditworthiness of individual consumers based around empirically established conceptualisations of risk. In 1989, Fair Isaac, the leading developer of credit scoring risk systems for creditors, began to develop a standardised generic statistical risk system formulated not on the localised recorded data of individual lenders but on data held by the three national credit bureaus and within which any individual with a credit report could be attributed a quantified risk score. By 1991 the systems were in place, individually branded and marketed by the three national bureaus to lenders as a new product for deriving credit risk, imbricatable within established, customised lender-specific scoring models or functionable as a stand-alone credit sanctioning system. These so-called 'FICO' scores extended further the constructed objectivity of credit reports by overlaying a technology of risk. As we have discussed at length in Chapter 3, interpreting and expressing creditworthiness as a numeric risk helped dislocate a qualitatively rich conception of creditworthiness intimately understood within the moral framework of individual character. In doing so, credit default was established as an empirical phenomenon endemic to the population, linked not to fixed causes explicable in terms of specific individual character but rather to probability based combinations of variables, exhibited to a greater or lesser degree, by all individuals within a population. Risk is thus the apogee of a relativistic articulation of creditworthiness, its attribution to individuals dependent upon the specific technology of risk through which they are interpreted and the formation of the population within which they are located.

The emergence of a generic risk technology with respect to consumer credit records provided a common standardised means of conceptualising and measuring the relative default risk of a new population of consumers inscribed into reality through the burgeoning assemblage of credit reporting. In turn, the idea of a standardised, empirically-derived credit risk capable of being attributed to virtually any consumer depended upon the rendering into existence of just such a population. Through what Rose (1999b: 205) labels 'the potency of numerical technology', the formulation of FICO scores enabled the specific ordering of consumers within a hierarchy of risk through the computation of data lines on the credit report as relatable variables associated with a commonly defined default outcome. Therefore, different items on a credit report, from types of accounts opened to numbers of delinquencies, could be balanced and merged to form a risk score specific to that individual. In turn, changes to the credit report could result in changes to that attribution over time in terms of a progression to a higher or lower risk. And crucially, individuals could be compared to each other and ranked on a spectrum of risk.

The FICO score thus represents the formation of a new norm across the population of consumers, as simultaneously a rule and a means of producing that rule (Ewald, 1990: 154). In this context, it represents a unified understanding of what kind of default risk a given individual poses and a technology for producing a common risk assessment across the whole population of consumers, to which a given level of risk can be compared. However, unlike the norms inherent in disciplinary power, individuals are not coercively *normalised*. FICO scores are only rendered into being within individual transactions for credit, they exist discontinuously only at particular points-in time when autonomous individuals actively seek to enter into a credit agreement. Rather than creating an homogeneous social space as the deployment of discipline sought to do whereby norms act as standards to be obtained by those so subjected, the deployment of a generic credit scoring system fosters a diverse market space. In a general sense, less risk is preferred to greater risk by lenders within the market, but how the attribution of a risk assessment will be acted upon will vary from lender to lender, depending on the market segment that they seek to profitably exploit. In other words, FICO scores act as a general interpretation of credit risk – but no single cut-off point, no common threshold of exclusion exists for all lenders and, indeed, lenders do not base their decisions exclusively on a FICO score. The deployment of a generic risk scoring technology as a new means of assessing creditworthiness only enhances diversity and further segments the market for credit.

By the end of the 1990s, FICO had become firmly established as the standard generic credit scoring product across the US consumer credit market. This position was further strengthened when Freddie Mac and Fannie Mae, the two Congressionally chartered companies responsible for developing secondary markets for home mortgages, directed their use to primary lenders in the mortgage sanctioning process. As the significance of one's bureau-based FICO score for accessing credit began to develop, we see the emergence of a disclosure debate mirroring that which had taken place before with regard to credit bureau records in the 1970s. This time disclosure was concerned with the rights of consumers to access their FICO credit scores.

The Politics of Score Disclosure

In September 1999, Representative Cannon introduced a bill to the House of Representatives proposing to amend the Fair Credit Reporting Act by requiring consumer disclosure on demand of all credit scores held by bureaus.[5] As Cannon announced at a press conference:

> Consumers will better know what mortgages and loans they qualify for, and what type of interest rates they can get based upon their credit history. They will be able to shop for the best financial services they can get, and know what to expect.... Giving a consumer this information empowers them to make wise financial decisions.[6]

In early 2000, co-sponsored by E-Loan, the Californian Association of Realtors and consumer interest group Consumers Union, Senator Figueroa presented a bill to the Californian legislative assembly that would allow consumers, within the context of a lending decision, to see any score used to help determine the success or failure of a credit application.[7] Later that year, the bill was passed by the assembly and signed into law by the Governor. In September 2000, a federal bill modelled on the Figueroa one, requiring lender disclosure, was brought before the Senate by Senators Schumer and Allard.[8] Testifying before a Congressional subcommittee, Schumer projected as 'sinister' the fact that 'lenders have access to all the decision-influencing information and consumers are left in the dark' and advocated the terms of his bill as being necessary to ensure consumer access to their credit scores so that they could make sure that they themselves were able to get the best competitive terms to meet their own credit needs, particularly with respect to mortgage credit access and the realisation of 'the American Dream of home ownership'.[9]

Schumer's statements are further mirrored in how consumer rights advocates Consumers Union interpreted the territory inhabited by credit consumers. In an article published in their journal *Consumer Reports*, they bemoaned the lack of balance present in the consumer credit industry where creditors know the credit scores of consumers but such information is kept from consumers themselves. [10] Due to this lack of self-knowledge and the proliferation of risk pricing whereby interest rates paid for credit are dependent on one's credit score, they argued that consumers were systematically being disadvantaged within credit agreements and inhibited from 'shopping around', especially those consumers with relatively low credit scores tied to the high-interest 'subprime' market. However, it is not collective solidarity which is prescribed – indeed risk pricing and its effect of burdening the individual through specifically tailored interest rates with the costs of the individualised risk that they represent was defended as 'only fair'. On the contrary, these consumer campaigners sought:

> legislation that requires credit bureaus and lenders to disclose a consumer's credit score, explain deficiencies, and advise how to repair problems…[it] should also require that lenders disclose their matrix of rates, credit scores, and credit tiers to anyone who requests this vital comparative-shopping information.[11]

Thus the ability of all consumers, including the marginal, to choose the most adequate and efficient credit product to meet their needs within a free market was posited as being constrained by the profit-oriented interests of the credit industry, ultimately degrading consumer choice and the fulfilment of the self. Only when consumers can become properly self-calculating as consumers, in turn energising their ability to choose, can autonomy to be assured.

The impulse behind these legislative initatives was, of course, the protection of consumers but, as with the FCRA, its particular emphasis was on the state providing the means by which individuals as consumers could be rendered autonomous. As Rose and Miller (1992) argue, legislation is crucial in creating a legal framework for the enabling and constraining of certain groups upon which government is dependent. Within a contemporary political rationality which forges a link between general economic success and the unconstrained productive capacity of autonomous consumers, these political interventions represent an acute concern of the state for the elevation and privileging of the position of the consumer. In other words, the state seeks to intervene, not in the interests of the collective solidarity, but to remove self-interested industry imposed distortions and thus provide consumers with the capacity and means by which they could secure their own independence within the market.

However, most dramatic was the controversial, highly-publicised move by internet-based lender E-Loan to reveal the score of any consumer logging on to its website, in direct violation of its contract with Equifax.[12] Despite the protests of Equifax representatives, E-Loan persisted in revealing FICO scores until, under pressure from Fair Isaac, Equifax exerted what it was claimed was its contractual right and disconnected its electronic link to E-Loan – effectively leaving them without any access to its credit referencing files and thus preventing the continued dissemination of scores (not to mention credit) to consumers. As a consequence of this bruising retaliation, E-Loan backed down but not before numerous emotional outbursts from its CEO about Equifax and Fair Isaac's attempts to deliberately put 'him out of business'. In the continuing debate about score disclosure, the E-Loan rebellion became the rallying point for angry accusations that the credit reporting industry was engaging in secretive practices harmful to the wellbeing of consumers. Both Equifax and Fair Isaac defended themselves on the basis that E-Loan had broken the terms of its contract but, more interestingly, it argued that attempts to disclose scores were actually *against* the consumer interest in that the offering of raw information could confuse consumers and easily lead them to take actions that might actually harm their credit score. Thus the centring of consumers within the domain of government conditioned the industry to present its defensive actions as a safeguarding of consumer autonomy, an autonomy that could be damaged if the knowledge revealed by the score was not accompanied by the inculcation of self-calculability, that is, an appreciation and knowledge of the significance of the score.

E-Loan, although certainly anxious to profit from their attempts at score disclosure in terms of establishing loyalty ties with customers, primarily justified their actions on the basis of autonomising consumer choice, emphasising the secretive nature of the credit scoring 'black box', the growing consumer demand for information – particularly after having been turned down for a loan on the basis of an unknown score – and their intention to help people understand and manage their own credit.[13] E-Loan's CEO Chris Larsen even interpreted that score disclosure would empower people to 'manage their debt in the same way they manage their assets' bringing into sharp relief the contemporary significance of consumers as entrepreneurs of their own lives. Thus with an emphasis on individual self-fulfilment, managing debt could thus become a productive activity through the maximisation of one's own consumption potential.[14]

From Actuarial Risk to the Consumption of Risk

Prior to 1999, Fair Isaac's commercial focus was on the provision of statistical credit scoring services to creditors and, with the development of its bureau-based FICO scores, came to act as an intermediary between creditors and bureaus, in doing so, becoming more implicated within the infrastructure of consumer credit provision. Its function as a capitalist firm was not concerned with the government of consumers in the interests of profit but less directly, with the creation and supply of a technical means of inscription for the actuarial management of populations of credit consumers by lenders. Its refusal to reveal the specific weight of the different factors within its statistical formulations, its claims as to scoring's proprietary nature and the exercise of US trade secret and patent law in its defence were manifest expressions of the firm's protection of its intellectual capital within a competitive marketplace. However, Fair Isaac's persistent repudiation of demands for consumer access and its establishment of non-disclosure contracts with creditors are instances of its protection of its scoring algorithms, not directly from competitors but from consumers themselves. It saw disclosure as introducing a means whereby consumers would enhance their access to credit by manipulating, or 'gaming' their own scores – a form of feedback pollution that would deplete the predictive ability of its model. As Fair Isaac representative Pete McCorkell retorted at a Federal Trade Commission conference on consumer credit scoring in 1999:

> And in fact, I'm sorry to tell you this, but Fair Isaac's job is not to tell you - how to get a better score. Our job is to produce a score that is the best

possible predictor of your credit performance. And so we want to score your behaviour... . We don't want to have consumers trying to alter their behaviour in short terms ways that will, regularly, has nothing to do with their long term credit risk. And we don't want to get into that discussion with consumers.[15]

For the firm, the problem was not so much the release of scores as an identifier so much as attempts to alter it, in particular contexts, that would disrupt default outcomes. In such circumstances, it perceived that if risk scores came to embody the reflexive actions of particular consumers in meeting the specific qualifying criteria of credit agreements rather than the naturally occurring probability of default empirically associated with their demonstrable attributes, default rates associated with particular score ranges would be distorted, thus diminishing the predictive efficacy of its model in the experience of lenders. What Fair Isaac feared was not their loss of ability to govern consumers, but the loss of profitability resulting from the debilitation of their clients' (i.e. lenders) ability to govern consumers.

However during 2000, in the aftermath of the E-Loan saga, the state and federal legislative manoeuvres described above and increased consumer awareness, a discursive shift appeared in Fair Isaac's articulation of the score disclosure issue. Contrary to its previous dismissal of a consumer right of access, it too began to position itself more within the rubric of promoting consumer autonomy through disclosure. However, it problematised the role of credit scores in consumer self-government, arguing that consumer knowledge of a single abstract score provided a fractious basis for managing one's credit use given the dynamism of scores and the complexity of a diverse market context where creditors have different risk acceptance thresholds and deploy different mechanisms in sanctioning credit.[16] In fact, knowledge of a score might actually lead to it being lowered if the consumer attempted to take action to improve it without understanding the significance of their actions. Dropping its contractual consumer non-disclosure terms with lenders, Fair Isaac advocated the release of credit scores within the context of a lending decision:

> Fair, Isaac's view is that consumers need additional information and individual counsel from a lender to truly understand their credit standing and how to improve it in the eyes of the lender.... For that reasons, the contracts between Fair, Isaac and credit reporting agencies prohibit the disclosure of credit risk scores to consumers *outside of the context of a lender's explanation of a credit decision* [my emphasis].[17]

Self-knowledge of credit scores, for Fair Isaac, was thus to be located within a particular transaction. Where credit consumers are refused, the possibility of score disclosure was permitted but only in a specific time-space where a lender could intervene to firmly direct the self-governing possibilities of the consumer in light of that score in order to access credit in the future. In bowing to the inevitability of consumer self-government, it attempted to shape the form of calculability that this self-government would take.

Fair Isaac, though, soon began to feel pressure from TransUnion who, in light of their established responsibilities to ensure access of consumers to their files, the possibilities of legislative compulsion and the greater demands for self-calculability by consumers, began to develop plans to create their own version of the FICO scoring model with which to disseminate approximated scores to consumers, thus side-stepping the Fair Isaac embargo.[18] Faced with the alternative possibility that its restrictions could now actually degrade or destroy the pre-eminence of FICO within the consumer credit market just as it had previously feared that consumer disclosure would have, Fair Isaac found itself being compelled to directly satisfy the demands of credit consumers for credit score self-knowledge. Over a short time period, Fair Isaac was quickly encumbered with the task of directly governing the self-government of consumers:

> We're...seeing a variety of initiatives to meet the perceived consumer interest in more detailed information about their credit standing. As the

developer of the FICO score, we're in the best position to provide the context and explanation for a consumer's credit standing. We still think the lender relationship is the best context for a discussion to help a consumer understand their credit standing. The second best would be a credit explanation from Fair, Isaac based on information in the credit report.[19]

In mid 2000, the company publicly released a list of the factors considered within the FICO model and the relative weight assigned to each one within the model.[20] In November of that year, it unveiled its fee-charging, web-based service 'Ficoguide'. Although primarily aimed at lenders in order to allow them to interpret a credit score to a consumer within the context of a credit application, consumers themselves were permitted to access it, but only if they already had secured their score and associated 'reason codes' (statutory factors listed on a credit report to explain why a score was not greater) from a lender.[21] Nevertheless, the service helped the consumer interpret their own FICO-based creditworthiness in relative terms against the recorded population of consumers, informed them what their score implied about the possibilities of their defaulting on credit agreements, provided more in-depth analysis of the reason codes as well as advisory actions on how to avoid such score-depleting factors.[22]

By the beginning of 2001, Fair Isaac and Equifax announced an alliance to provide direct consumer access to FICO scores, based on an individual's Equifax credit report, through the internet. Like the Ficoguide before it, planned services to be offered in addition to the score included broad interpretations of how lenders would view the score, explanations of the four most prominent 'reason codes' which prevented the score from being higher, how the individual consumer's score compared across the population and generalised advice on how to improve the score in addition to manned customer advice help lines.[23] In April of that year, the service was up and running on both companies' websites and after three months, both companies claimed higher consumer interest with forty million visits to the combined website service, although actual numbers of sales were not revealed.[24]

Soon, a flurry of companies began to offer so-called 'FICO clones' scores, scores generated from models designed to emulate the FICO model, direct to consumers based on their credit reports, including iPlace[25], CreditXpert (in conjunction with E-Loan)[26] and Worthknowing.com[27], each claiming to be responding to the new-found consumer demand for personal credit information.

In responding to iPlace's action, now rivals within the consumer credit education market, Fair Isaac accepted that such scores might be 'educational' but were not as useful as the FICO score given that FICO was the only consumer-marketed model actually being used by a majority of lenders. Like *Oral B* advertising that its toothbrushes are the product of personal choice for dentists, Fair Isaac espoused the superiority of its product for self-education on the basis of its 'real world fidelity', that is, only Fair Isaac offered the means of credit self-governance based on how consumers were governed in the market. Thus, consumer self-education acquired a commodified form, risk scores becoming marketed for the first time to consumers as well as lenders. However, whereas risk is deployed by lenders as part of an actuarial-type management of a population of consumers, for consumers themselves, risk is delivered as part of a commodity for creating and recreating the conditions for a new subjective governance of the self.

Actuarial to Subjective Governance

Your Own Personal Risk

It has been argued that risk, as a technology, has a 'political polyvalence' which can be invested in different political rationalities of government. Within contemporary neo-liberalism, socialised risk management exemplified by such programmes as social insurance have become dismantled concomitant with the decentring of the social as the crucial space of government. With neo-liberalism's concentration upon the individual as the site of rule, the rational choice actor optimising their interest as we analysed in Chapter 2, these programmes recede in favour of what is termed 'new prudentialism' (O'Malley, 1996). Instead of risks being calculated and shared socially, prudentialism emphasises the responsibility of individuals, households and communities for their own risks through both minimising exposure to risk and engagement in private risk management initiatives, often through the market. For example, in relation to health, along with the rise of private health insurance we see an increased emphasis on personalised, discipline-based risk minimising practices, from anti-smoking and weight-loss campaigns to healthy eating initiatives. Therefore, not only are populations targeted as risks but individuals become actively engaged in managing their own risks. As O'Malley emphasises, the individual is rendered both moral and calculating, invested with the responsibility of ensuring, through careful strategies of self-protection, that they do not become a burden or a liability to a society no longer sympathetic to the principle of collective security.

Within this vein, individual credit users have moved away from being solely agglomerations of risk factors calculated and managed – 'governed at a distance' – through predictive risk mechanisms. With a clamouring demand for score disclosure to consumers, the same risk technologies which had formally, exclusively, been used to govern the population actuarially became exploited for a new purpose, that of self-governance. Increasingly, consumers have been persuaded of the need to align themselves to a numerically expressed risk identity, as such, to be personally responsible for the risk that they, as credit users and consumers more generally, are constituted to be.

Through numerous avenues, the contemporary American consumer is faced with the significance of their credit identity and the importance of understanding its meaning in the living of their lives as consumers. A Federal Trade Commission (FTC) 'Facts for Consumers' leaflet prods interest by asking, 'ever wonder how a creditor decides whether to grant you credit?'.[28] Meanwhile, a brochure from the Consumer Federation of America (CFA) is less oblique in confronting the consumer:

> Think your grade point average is your only score that matters? Think again! There's another score that's important as you go through life. It's called a credit score. And whether you know it or not, someone is already keeping track.[29]

The media too reflect and amplify this insistence on knowing. On a web discussion, Washington Post personal finance guru Michelle Singletary remarks, 'despite the system's significance, few people know about it, and those that do, little *(sic)* understand it'.[30] This theme of consumer ignorance finds expression in surveys as to what consumers actually know about scoring. In one study, for instance, the CFA find that only 34% of consumers appreciate that credit scores are a measure of default risk.[31] Similarly, the hosting of an interactive web quiz by Fair Isaac leads the company to authoritatively remark that 'the financial literacy of American consumers rates a poor grade of "D"'.[32] In every case, knowledge of how the scoring system works and contextualising one's ongoing credit use in relation to this knowledge to understand the constitution of one's own identity is presented as a critical means for acting upon those elements of the self which the model considers in order to improve one's credit identity and thus maximise one's credit consumption:

> Understanding credit scoring can help you manage your credit health. By knowing how your credit risk is evaluated, you can take actions that will lower your credit risk – and thus raise your score – over time. A better score means better financial options for you.[33]

As scoring becomes ubiquitous within the consumer credit market, as it comes to be used for more products such as mortgage credit and to increasingly determine the interest rate paid by consumers, an enhanced credit identity helps open up the possibility of choosing more credit products, expediting applications for new credit and lowering the effective cost of consuming it.

Through its website service, Fair Isaac acts to align the individual with the conception of a credit risk identity articulated as a risk score through helping to inculcate a knowledge within the credit user as to how credit scoring works, how the statistical model is constructed and how it assimilates and articulates information to produce a specific credit identity in terms of risk.[34] As FICO scores are produced through credit bureau data, the individual is firstly familiarised with the content of what a credit report contains, namely:

- *identifying information* which conjoins the living individual and their actions with their virtual identity
- *trade line information* which reports types of credit used currently and in the past; the duration of the accounts; balances; current status and the nature and extent of any delinquencies
- *inquiries*: date and type of reported applications by the individual for new credit
- *public record / collection*: publicly recorded court judgements for debts and defaulted amounts referred by lenders to collection agencies.[35]

Essentially, for the individual, their credit identity is constructed as an amalgam of their previous use of credit, their attempts to use credit and significant failures to commit to repaying credit accounts outstanding.

Beyond this, the credit user is enlightened with the five categories through which the FICO score model interprets this information in cohering individual scores: payment history, that is, the extent to which the individual is deemed to have repaid amounts on time; amounts owed as well as number, type and spread across different credit accounts; overall length of credit history as well as the age of specific accounts, the nature of recently acquired credit and requests for new credit and, finally, the balance or 'mix' of credit types held by the individual.[36] As well as the categories themselves, Fair Isaac denotes the specific emphasis placed on each category within the FICO model – with payment history at 35% being the most important factor and credit mix, at 10%, the least (see figure 4.1).

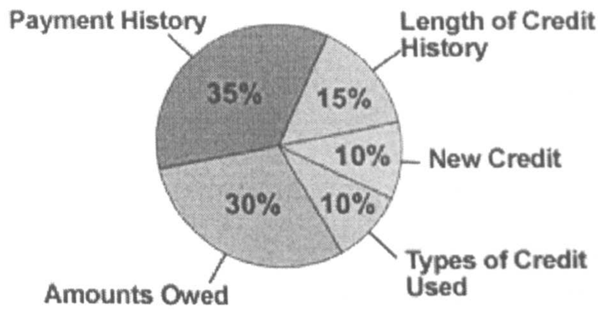

Figure 4.1 FICO Weights. Source: Fair Isaac[37]

Striking a cautionary note, the company attests to the uniqueness of each individual credit user and the fact that this weighting, relevant for the whole population of credit users, may differ depending on the specific credit history of the individual. However, it is not just informing the individual of their characteristics and weightings which is important. Fair Isaac cautions the credit user as to what is *not* considered within the model, including amongst other things: discriminatory attributes such as race, gender, religion and other such factors legislatively prohibited under the Equal Credit Opportunity Act; income; specific interest rates on credit accounts held and 'any information that is not *proven* to be predictive of future credit performance'.[38]

Although credit identity is positioned as an outcome of individual actions in the past, the interpretation of it through a risk score implies its function as a norm, a relativistic attribution generated within the context of a population, requiring that the individual understand the significance of their credit identity against the group. As

Ewald (1990) suggests, the function of a quantified risk as norm attains its meaning not against absolute standards but only as part of a population distribution. Giving expression to an individual as a risk score only makes sense against the expression of other individuals as risk scores and the extent to which it is higher or lower than these. The credit user is thus instructed not just as to how an individualised score is created but the meaningfulness of the scale upon which scores are posited and how a FICO as an individualised risk attribution stacks relative to the incidence of risk across the population (see figure 4.2).

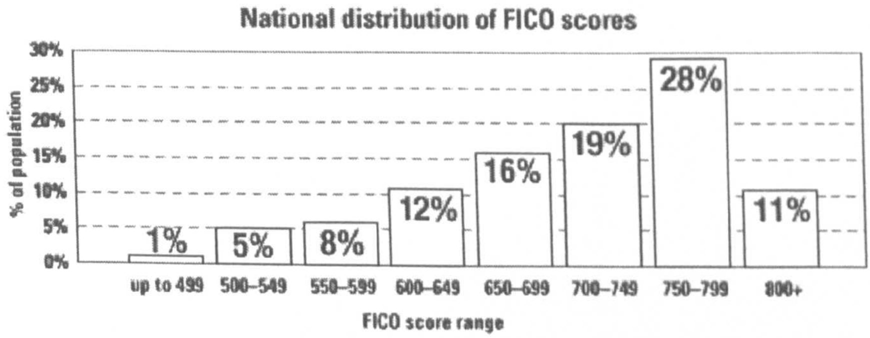

Figure 4.2 National Distribution of FICO scores. Source: Fair Isaac.[39]

This relativistic understanding of one's own credit identity is central for the process of aligning individuals to it is so that they will come to act upon themselves in order to enhance it. Through a self-consciousness as to their position within the hierarchy of consumers, the individual is presented with their current score collegiate and the attendant possibilities for credit consumption associated with it, collegiates to aspire to with their greater consuming potentials and ones to avoid with diminished domains of choice. Therefore in a score's function as a norm, the individual is directed to a personalised 'ethic of improvement':[40]

Save the Smart Way

As you improve your FICO® scores, you pay less when you buy on credit - whether purchasing a home loan, cell phone, a car loan, or signing up for credit cards. For example, on a $150,000 30-year, fixed-rate mortgage:

Your FICO® Score	Your Interest Rate	Your Monthly Payment
760 - 850	5.37%	$840
700 - 759	5.59%	$861
680 - 699	5.77%	$877
660 - 679	5.99%	$898
640 - 659	6.42%	$940
620 - 639	6.96%	$994

In terms of understanding themselves as risks, credit consumers are engendered to acknowledge the scientific rationalism of scoring: its empirical derivation, its reliance on factual credit records, its mathematical formulation, its rigorous testing to ensure 'the most accurate picture of credit risk possible using credit report data', and its use of permitted characteristics statistically proven to be predictive of default.[41] In addition to its rationality, scoring is also presented as being 'fair', excluding potentially discriminatory attributes, holistically assessing the information in the credit report to ensure an adequate reflection of the individual. It is these very characteristics of scoring which are depicted as having helped make possible the dynamic contemporary market embodying instant credit, where personal feelings and non-relevant characteristics are excluded, where all information is judiciously balanced and weighed up, where more credit is available at lower rates credit; all of which makes it easier for people to enjoy more liberal credit use. In asserting the scientific credentials of scoring, it implies that the regulation of the self by risk where individuals have not done so before is, in itself, a rational and appropriate practice. More generally, staking its centrality to the credit market and the greater availability of credit to individuals makes one's score understood as a fundamental necessity to acknowledge and adhere to in order to maximise ongoing consuming potential

Disciplining the Self

The alignment of an individual to their credit identity as a FICO score implies the disciplining of the self, one's actions in the use of credit, in relation to time. To sustain and to increase the possibility of choice through the improvement of one's score, the credit user is persuaded of the need to keep current on credit payments, to keep balances low on revolving credit accounts like credit cards, to pay-off debt rather than circulate it around; ultimately, against the structuring of time, the credit user is to exert a rigid regimen of the self to ensure their repayments and credit use are smooth, controlled and to term. In disciplining themselves in this manner, the individual is uniquely responsibilised for their past actions, the consequences of which cannot be evaded – '[n]ote that closing an account doesn't make it go away. A closed account will still show up on your credit report, and may be considered by the score'.[42] However, the past is not an albatross – the transformation of the self, possible through acting in light of one's credit identity, always implies the possibility of transcendence in the present. The receding past fades in statistical significance to be replaced by the interpretation of more recent 'good' behaviour in the conduct of credit.

Against this ethic, 'base manipulation' through such actions as wilfully opening and closing accounts to quickly increase of one's score is to be avoided. For instance, the credit user is advised, 'don't close unused credit cards as a short term strategy to raise your score' while almost in the same breath, the advice is 'don't open a number of new credit cards that you don't need, just to increase your available credit. This approach could backfire and actually lower your score'.[43] Although the credit user is to be calculating, such calculation cannot herald easily exploitable technicalities.

Rather, the injunction is a moral one: to pay one's bill on time, to 'get current and stay current', not to take on too much or unneeded credit. In the actuarial management of credit default through risk by lenders, various characteristics and attributes are technically perceived to be related to a probabilistic default outcome which the creditor can deploy to profitably target a certain segment of borrowers.

We have seen, for example, how some lenders utilised developments in scoring technologies to actively market high-interest credit facilities to the so-called 'sub-prime' market, composed of relatively risky credit users, in order to avoid the competitive saturation of the 'prime' market. In this context, no moral claims are made for the 'rightness' of 'wrongness' of particular attributes, only the exploitation of profitable opportunities. However, in the government of subjective self-management, individual conduct is moralised, not against a universal truth or belief but in relation to the extent that it contributes towards a depletion or bolstering of one's identity and thus an inhibition or enhancement of one's self-narrativising potential through credit. Shifting, relativised statistical relationships between variables and outcomes thus become immute moral precepts.

In analysing in what he sees as the critical role of moralisation within practices of government, Hunt (1999) argues that morality frequently invokes a 'utilitarian' claim that such conduct being deemed bad or unworthy, has a wider personal or social harm attached to it. So it is for the contemporary credit user, whose lack of self-mastery invokes a future eroded of opportunities to consume. But there is a wider social implication here too, for if the economy and growth are built around personal consumption and credit use increasingly facilitates this consumption, then the agglomeration of undisciplined credit use and the shrinking of credit provision might be seen to have wider, far-reaching social consequences for national prosperity. Certainly, its opposite is perceived to be true by credit bureau Equifax: '[t]he more we enlighten, enable and empower individuals to better manage their financial health … the more we foster consumer confidence and economic growth'.[44]

Ironically, within this process of moralised governance, the centrality of credit to contemporary economic activity and lived experience casts the traditional suspicion of credit on its head:

> **Have credit cards – but manage them responsibly.** In general, having credit cards and instalment loans (and making timely payments) will raise your score. People with no credit cards, for example, tend to be higher risk than people who have managed credit cards responsibly.[45]

A demonstration of no or limited credit use implies a higher level of individual risk than that by disciplined, well-managed credit use so that morality itself is adjudged not through one's use of credit but one's *conduct* in the use of credit. An interesting example of this understanding is the joint venture between Fair Isaac and a Californian credit counselling organisation to incorporate the former's services to help those who 'want to rebound from credit problems'.[46] In this understanding, it is not credit use which is the problem for the dangerously indebted, nor is prohibition the answer; rather it is a lack of self-mastery which is problematised and professional guidance through an identity conscious restoration of one's self-mastery, the solution.

In being governed to maximise their personal consuming possibilities, the credit user grapples with uncertainty in the management of their FICO identity. Unlike the actuarial operationalisation of risk, there are no formulas to follow to ensure a calculated outcome within the future. As we saw above, mere calculation alone can in fact imply a destructiveness of identity and the degradation of consumer choice. However, such uncertainty does not represent an abandonment of government but rather a particular form for its realisation. Guided by expertise in the continuous exercise of foresight, prudence through the calculable exercise of self-discipline and moral responsibilisation for their credit use, the individual is empowered to adapt themselves to the changing environment of consumer goods and the ever-shifting play of needs and desires to fulfil the obligation of continuously choosing to consume. Thus rather than encouraging endless, hedonistic consumption, consumers are nurtured to be moral in their credit use and consumption more generally in a fashion which encourages sustainability of choice. In other words, for consumers, the 'right way to live' within a consumer society is to be able to maximise consumption over the course of time – requiring strict limits on the credit use of the present.

Identity and the Self

In discussing what he terms the contemporary 'reflexivity' of modernity, Giddens (1991) and Beck (1992) argue that social activity, freed from the binding constraints of tradition, is permanently engaged in the exercise of self-questioning as to its nature and purpose, a context within which the idea of a distinctive individualised identity emerges. Rather than one's existence in the world being fixed, preordained by caste, lineage or faith, an individual's sense of identity in late modernity is a fluid construct, sustained and recreated dynamically through the individual's continuous reflexive action upon it. In this sense, identity is self-referential and reflexive, for with the decline of established sources of meaning, it becomes the product of the individual's observation and analysis of themselves and their accumulated diverse actions. Identity assumes a coherent trajectory spanning a past mined for meaning yet simultaneously to be escaped and a future of possibility and promise to be attained within the world. It becomes the particular responsibility of the individual whose constant endeavours constitute it as a coherent and convincing narrative from which, in turn, the individual draws meaning in an individualised world.

As discussed in Chapter 2, such a reflexive project of the self, rather than being merely an effect brought about by late modernity, can be viewed as the means by which the contemporary individual is governed under neo-liberalism. With individual autonomy being located as the conduit of government, the concept of enterprise, as a mode of activity, comes to pervade the way in which the individual is governed to govern themselves. Through his or her own endeavour, ability, drive and ability, the individual is to make an enterprise of their own life, to create a fulfilling independent identity for themselves through the free expression of their consumption choices and the choosing of marketed guidance provided through the psy-sciences and their affiliates (Rose, 1996a; *see also* O'Malley, 2004). Identity is a willed project of the self, etched out through the expression of choice yet those choices taken exist as a product, the inevitable expression of an inner authentic self. The conception of enterprise undermines old binary divides between production and consumption for consumption is now longer the destructive hedonism described by Bell, undermining the acetic puritan ethic which culturally underpins the capitalist accumulation process. On the contrary, the contemporary individual is directed with the responsibility of producing a worthwhile life for themselves, not simply through what they consume now but through their whole array of consuming choices within and throughout their life. To sustain this obligation, the individual must regulate their own freedom, sustaining and widening their consuming possibilities through a refined, all-embracing self-control.

In Weber's ([1930] 1976) analysis, he portrayed ascetic Puritanism as the key cultural impetus behind the rise of the capitalistic accumulation where asceticism and deferred gratification impel a maximised accumulation of capital and realisation of profit. Elias (1994) by contrast, countered that rationality should not be understood as the progressive displacement of ideal types but rather as a measure of the degree to which short-term affects are subsumed by longer-term considerations as a consequence of long term changes in the structure of society towards greater interdependency. He argued that while, for instance, court rationality and bourgeois rationality had differing social dynamics, the former valuing prestige and honour, the latter money and capital, both were united by individuals' transcendence of emotions, desires and momentary inclinations of the present in favour of a foresight towards greater future goals reflective of their situational interdependency (1994: 484). From this perspective, credit use and its active self-government represents a 'rational' form of action where long term considerations of maximising ongoing future credit consumption outweigh short term urges to exploit one's present credit opportunities in the entrepreneurial fulfilment of the self. However, such entrepreneurialism is not merely an unintended consequence of a blind process of social change but, as we have seen, is actively grafted within the individual as a desirable way of living one's life. Nevertheless, it effectively makes the contemporary credit user no less foresighted, calculating, dispassionate and self-disciplined – 'rational' – than their forebears.

In line with Giddens's argument, a FICO identity is made salient for the individual as a unifying thread accumulating their past and current actions into a cohesive sense of self; an identity which has a dynamism and a sense of movement, and for which the individual is responsibilised for. In certain ways, the individual is encouraged to view such it as intrinsic to themselves, as something which can be acted upon to unlock their 'true credit potential', an authentic subjective state which must be given expression to. However, a FICO identity is more complex for it also exists externally to the individual, captured within the records of the credit bureau, the formulation of the scoring technology and the dynamic shifts within the population of consumers. It also exists not merely as the outcome of choice but in turn, as a determiner of choice; created through the self-narrativising credit choices of the consumer interpreted through a shifting technological infrastructure, such an identity serves to define the boundaries and limitations of future consumption possibilities.

A FICO identity thus embodies a measurement of the entrepreneurial abilities of the credit user; universal in ambition, it embraces all consumers in their instrumental management of credit. As an identity, it is individualised and unique to each credit user, not sought for its own intrinsic fulfilment, for recognition from the self or from others but rather for the possibility that it can be acted upon through action on one's credit use towards the broader purpose of optimising one's ongoing future ability to consume, whatever form that consumption that might take.

Alignment to a credit identity creates the possibility for the consumer of defining who they are through the operation of a disciplined regime of the self. It gives expression to freedom by empowering them to choose to consume in such a way so as to maximise future freedom to consume. However, paradoxically, they cannot escape their dependency on that identity as it becomes essential to the maintenance of freedom. Consumption and the formation of lifestyle are ongoing projects that span the individual's life and so such a freedom must be continuously worked on and safeguarded. One is increasingly conditioned toward the pursuit of a whole panoply of actions – to repay on time, 'to get current and stay current', to keep credit card balances low – embodying resistance to the lures of consumer desire and restraint on the urge to self-indulgent credit use.

It is an inherent paradox of neo-liberal government that as the individual becomes governed through their autonomy and freedom to exercise choice they become, as Rose (1999a) remarks, 'obliged to be free', to evaluate themselves via norms, values and choices contrived within the market and proffered within the domain of therapeutics. For the contemporary American credit consumer, this encompasses an obligation to deploy a calculated self-constraint over their consuming choices for in pursing an imperative of sustaining or expanding a freedom to choose through credit, the individual is enjoined to an ever greater exercise of *unfreedom* over how they choose. The individual's FICO identity reflects the ongoing process of their credit consumption and thus the engagement of their lives as an enterprise of the self to maximise their capacity for self-realisation. In conditioning future choice, the possibility of more, this identity comes to represent the entrepreneurial abilities of the individual to themselves. It is a consumer capital that is possessed and self-consciously invested in new credit through which it can be maintained, augmented or diminished by an informed self-mastery in the interest of future, ongoing credit use.

Self-mastery and the Significance of Time

In articulating the significance of payment history, amounts owed, length of credit history, new credit applied for and the mix of credit as being relevant to the construction of a FICO identity, such acts are infused with the conception of individual self-mastery in relation to time. Time exists as a structuring agent against which the individual's acts in their inescapable past have taken place and from which the individual's ability to exhibit control over themselves in how they manage credit use can be assessed. In payment history, has the individual repaid their instalment loans or met the minimum balance on their credit cards as agreed every month? If not, how late were the repayments and how long ago in time were they. Did this self-management in time disintegrate to the extent that accounts were forwarded for collection or result in court proceedings? Or perhaps the ultimate dissolution in one's responsibility to repay across the full gamut of credit accounts manifested itself in the declaration of bankruptcy? If so, how long ago? As credit agreements themselves exist as the exchange of funds over time, the measurement of balances owed demonstrates the extent to which the individual can discipline their use of credit over time. The absolute length of credit history is also critical in the evaluation of risk for the longer one's demonstrable use of credit, the more established one is as a credit consumer; in essence, credit history indicates a greater or lesser history of self-regulation. New credit explicitly looks at the present and the degree to which one is, in the here and now, responsibly acquiring or encumbering oneself with credit obligations. The degree to which one's current accumulated range of credit agreements is 'healthy' is similarly assessed in the present.

Norbert Elias (1998) presented the historical refinement of the measurement of time, its gradual standardisation and quantified operation as an endemic characteristic of the intensifying division of social functions and extending web of interdependencies within and between emergent nation-states, particularly with industrialisation (see also Thompson, 1967). Concomitantly, the greater time consciousness of individuals in modern societies and their feeling and experience of time as an external compelling force which must be accounted within their actions reflects the tangible reality of their dependency within a web of interdependency and the need for a standardised means of coordinating its complexity. Therefore, the experience of a multi-layered compulsion of time by the self-governing credit user demonstrates the degree to which they are dependent upon a greater range of multiple organisations, lenders, retailers, bureaus in their increasingly credit-realised consumption. Although, as we noted above, contemporary self-governance exists not as an accident of history but as a contrived aim of government, the responsibilisation of the individual within the expansive market for consumer credit for their identity encumbers them with the task of managing their actions against a tightly-woven, all-encompassing, unyielding flow of time essential to the modern consumer credit market.

Time is also significant in that FICO identities are designed to be dynamic. As a marker of a consumer's self-mastery, their ability to sustain a freedom to choose, it responds coherently to the actions of consumer choice. As they attempt to construct a lifestyle based around consumption and as credit becomes integral to their ability to consume, their FICO identity is presented as being dynamic. During the course of the consumer's engagement with credit, the surveillant assemblage interlocking consumers, lenders, bureaus, courts and other actors updates their FICO identity to account for such instances as new credit sought or a missed credit card payment. This dynamism is reflected, even when the consumer does not actually consume for, as we saw, the model incorporates the passing of time, updating the duration of an individual's credit history or the time elapsed since a repayment delinquency. In choosing not to consume, the consumer still chooses.

The flow of time conditioning a FICO identity, reflecting ongoing consumption, avoids locking consumers into a static characterisation. Past transgressions of consumption self-mastery – late-payments, defaults, even bankruptcies – fade in statistical predictive significance as they grow distant over time and so weigh less on risk attribution. In contrast, recent strict self-management is rewarded more prominently. Therefore, although such a risk identity in the present is forever locked into and shaped by the individual's actions of the past from which it is constructed and through which consumer freedom is conditioned, the past declines in prominence as it fades towards the horizon. Through every action, the consumer experiences the possibility of renewing their credit identity and thus transforming their future through actively taking responsibility for their own autonomy. As Fair Isaac declare:

> **Fallacy:** A poor score will haunt me forever.
> **Fact:** Just the opposite is true. A score is a 'snapshot' of your risk at a particular point in time. It changes as new information is added to your bank and credit bureau files. Scores change gradually as you change the way you handle credit. For example, past credit problems impact your score less as time passes. Lenders request a current score when you submit a credit application, so they have the most recent information available. Therefore by taking the time to improve your score, you can qualify for more favorable interest rates.[47]

Loss of the Future

In being governed to adhere to a FICO identity within contemporary consumerism, past, present and future have no form as discrete states for the consumer. The past always exists in the present, conditioning the permanent ongoing exercise of a choice forever cognisant of the future as a territory of choices to be made. The neo-liberal preoccupation with the embedding of choice mediated through nurtured markets creates a merry-go-round, with commodities and experiences as leaping, twirling horses forever conjoined to a spinning but stationary axle of choice. Time exists simply as the regenerated exercise of options, the present resembling the past and the future, the present, differing only in terms of scale and degree of the choice experienced.

Under the welfarist political rationality which located the site of government in society, a optimistic transcendent vision of the future was enjoyed, a future within which mechanisms of security such as redistributive spending and social insurance would help alleviate poverty and inequality, ameliorating the conditions of society. Keynesianism denoted the possibility of national economic intervention and management in the collective interest to ensure a softened business cycle, controlled employment and continual, predictable incremental growth. More generally, a belief in progress and faith in science imbued technological progress with an unproblematic utopianism, beckoning towards the certainty of higher productivity and enhanced living standards. Within such societies as François Ewald (2002) presents it, risk was to be deployed and tamed through the mechanism of solidarity realised through 'social contract' and a generalised strategy of 'prevention'.

Today however all have become, or are in the process of becoming, discredited. Neo-liberal strategies have dismantled social mechanisms and the possibility of governing through the social. In questioning the sustainability of human progress, environmentalism, the new domain of a jaded political left, creates a dystopian vision of a future to be avoided through the doctrine of the precautionary principle. As the idea of the social as a unified space becomes rejected and the site of rule becomes reoriented towards the government of autonomous individuals, their choices and their ability to imaginatively create their own self-referential narrative of the self, there is in Margaret Thatcher's famous aphorism, no alternative. The state, in conjuring markets through deregulation and the transformation of welfarism, increases the scope of choice for the individual so that the proliferation of choice (and 'contestability') becomes the sole end of government. Paradoxically then, choice is both fluid and static: although that which is to be chosen is fluid and changing, the practice of choice itself is an exercise in the monotonous repetition of choosing, a monotony which expands and deepens within programmatic neo-liberalism. We have, as Giddens remarks, no choice but to choose (1991: 81).

Thus, the ever greater availability of consumer credit permits a freedom for the suitably equipped autonomous individual to dynamically create their lives through what they choose to consume. However, this freedom entails a perpetual exercise of choice, a variable capacity with which the individual is responsibilised to uphold and protect to ensure its continuance. The vitality of the individual exhibited through the continual inventiveness of consumption is bound to a flattened experience of time, a reduction to the present which has become ongoing and inescapable (Beck, 1992: 135).

Credit Identity as Risk

A FICO identity is thus conceived as a formation which determines access to credit not just in the present but also the future, prejudicing the degree and extent of the whole domain of ongoing consumer choice. In doing so, as the individual credit user comes to acknowledge this identity, it reveals a clearer relationship of that individual to their future. As we will examine later, such an identity is actionable in the present – through enlightenment as to its existence, significance and operation, the consumer is empowered to reflexively consider their own credit use actions in light of an identity formation which interprets those actions. In doing so, the possibility of ongoing future choice is brought into greater resolution in the present.

A FICO identity also acts to secure the point of entry to credit consumption. For such an identity to exist, an individual must have a credit record, an objectivised credit identity, which is contingent on the individual having used credit in the past. In addition, the creation of a score is dependent on minimum criteria, that a credit account exists on record which is at least six months old and that the consumer demonstrates actual use of at least one credit agreement within the same time period.[48] Although risk scores are not absolute and are individually interpreted by different lenders, the pervasiveness among lenders of FICO use demonstrates that the lack of such an identity on the part of the consumer signifies a state of exclusion.

Where contemporary freedom becomes articulated through the medium of consumption, and credit increasingly becomes a conduit of consumption, the absence of a FICO identity signifies, as we have seen, one's membership among the excluded, the marginal, the 'fringe'. Unable to access mainstream forms of credit, one is unable to consume in the proper sense; unable to given proper vent to a continuous succession of inner wants, one is denied significant participation in the contemporary experience of freedom.

As we analysed in the previous chapter, older notions of creditworthiness were inexorably bound to an absolutist idea of character which intimated a broader sense of moral meaning and understanding about the individual located within their social context. In a certain sense, a FICO score has taken on an aspect of providing for an understanding of the individual within a multitude of contexts beyond credit use alone. One's credit identity and score thus broaden in scope and their understanding diffuses within society as multiple fields of social engagement become articulated as consumer / provider contractual marketised relationships, replacing trust or other modes of calculation with a harmonised measurable index of consumer capital.

Within neo-liberalism, as the inculcation of choice becomes paramount in practices of government, it becomes crucial to contrive an environment wherein the ability to 'choose between' becomes essential. League tables, for example, allow schools to be hierarchised and compared in terms of the quality of the educational product they offer, permitting parents as consumers of education for their children to select between different options (Burchell, 1993). However, such government does not emanate only from the state: 'Which', formerly the Consumers Association, recently announced plans to produce a league rating of British government services – as one commentator sardonically remarked, a far cry from its first magazine report in 1957 which included 'an assessment of cake mixes'.[49] Similarly, credit risk becomes a standardised index of the consumer, signifying their level of self-discipline. Thus, to avoid tenants who may not pay the rent promptly, landlords access and assess each potential tenant's FICO score. Employers can access the scores of job candidates before hiring them to positions of responsibility. Courts can incorporate the score of a father to help determine likelihood of adherence to child support payments. However, it is in the creation of the insurance bureau score that this diffusion has achieved its most developed form. The 'insurance bureau' score was developed by Fair Isaac in the early 1990s as a product for insurers to assess the calculated probability of loss on a premium offered over a specific time-frame. This differs from the FICO score in that it measures not the default risk of an applicant for credit but the future loss ratio relativity of an applicant for insurance; however, it is calculated in a similar manner based on exactly same data: that comprising an individual's credit identity.

In the past, the inculcation of discipline through the monotonous rhythms of the factory, the work ethic, the physical arrangement of public space and architecture, the moralisation and sanitisation of the family home were crucial for the entrenchment of a self-discipline essential to liberal government which sought to subject the worker to the rigours of the 'free' labour market (Bauman, 1998a; Rose, 1999b). Within contemporary society, a credit identity thus rearticulates a certain sense of a polyvalent morality – it exerts a claim not just to an individual's ability to manage credit but to their ability to manage the *self*, to be responsible, to exercise a calculable self-mastery over their actions through time as they attempt to assemble a lifestyle. In attempting to justify why a credit record is relevant to insurance cover, Fair Isaac argue that:

> when a person utilizes one's resources well to maintain a home or a car in safe operating conditions, he or she is probably maintaining his or her finance and credit. For instance, when the car battery, headlights, motor oil level etc. are maintained regularly, there is less chance for an accident. *Good credit managers are usually good risk managers* [my emphasis].[50]

The last sentence in particular reveals a clear connection between the conceptions of the self-mastered credit user and the prudential subject as characterised by

O'Malley. The prudential subject is both moral and calculating; appalled at the possibility of becoming a burden or having their freedom curtailed, they take measures to guard against risks to their wellbeing through choosing to be informed and disciplined, through voluntary interaction with like-minded others and the purchasing of commodities and services to offset the possibility or consequences of such events. Against this, those who take no such defensive measures are made responsible for their situation (O'Malley, 2004: 72-3). Likewise, the conscientious credit consumer user is made responsible. They maintain a strict self-control over the repayment of their credit obligations in order to sustain their ability to be a consumer or actively seek to familiarise themselves with, and to reflexively manage, their credit identity to enhance their future access to credit and the attendant consuming possibilities. Foreswearance of such a rigour of the self inevitably shrinks the future domain of choice. The insurance bureau score provides an interesting linkage between credit identity and private insurance, this latter being one of the main conduits for personal prudential protection. To minimise costs, contemporary insurance requires not only the continual renewal of a premium but the continuous maintenance of responsible behaviour of those insured, a responsibility indicated through the diffusion of credit identity as a proxy for generalised self-mastery.

Under neo-liberalism, as the focus of government increasingly centres on the autonomy of the individual, the prudential management of risk becomes a feature of the choices made by individuals and their families as 'active citizens' and consumers. Within a context where freedom is conceived as autonomy of the self, any state which compels dependence or inhibits the free exercise of choice in the continual creation of the self through consumption is to be studiously avoided. Risk management in a diversity of spheres, from cholesterol counting to avoid heart attacks to mortgage insurance which pays one's bills in the event of unemployment, experienced as lifestyle or market choices, thus become critical choices to make in the interests of sustaining an ongoing future ability to choose freely. The neo-liberal prudential subject is thus rational and knowledgeable; exercising the fundamental faculty of choice within a governmentally conceived context of choices, they calculate the contingencies, avoid risky behaviour and institute the most effective means to protect against the paralysing effects of risks. So too is the credit user to be prudential. Conditioned to be acquainted with their credit identity and its specific manifestation as a FICO risk, they become calculating and knowledgeable as to the consequences of their credit use in the past and the possibilities for action in the present for their ongoing sustenance of choice within an unfurling future to come, not only in credit but a range of other arenas, from employment to insurance. The risks they face are not only their own actions in the management of credit but, as we will see, the perils of identity theft and the possibility of misrepresentation and error within the credit reporting process itself.

FICO Identity and the Rise of Security Commodities

If the prudential subject depends on a 'governmentally contrived arrangement of choice', how is such an arrangement formed for the reflexive credit user? What is the economy of the choices that they are faced with? In what ways has the contemporary credit user become able to align themselves with an objectivised identity with which they are able to calibrate and constrain their actions? How have the market choices that have emerged, developed in form and content? As we saw in the first section, the credit reporting industry exhibited a strong defensiveness around the issue of score disclosure to consumers, arguing that its use in consumer self-management was unfeasible given its abstract construction and that such usage would likely deplete its predictive capacity for lenders. Such a defensiveness is indicative of the market to which the credit reporting industry was targeting – their client-base were lenders and other credit providers seeking to manage populations of credit users actuarially through the use of risk. Consumers were the raw material being measured and ordered but were certainly not consumers of scores themselves.

Where shareholder profitability was tied to providing services to lenders, any interference with consumers as units to be tested and rendered calculable on behalf of lenders posed a threatening development.

However, with the agitation for score disclosure and the threat of state regulation, the credit reporting industry became oriented to the possibility of disclosing scores to consumers for their incorporation as part of a regime of credit self-management. In doing so, however, it approached it as a profitable business venture. Ever since the Fair Credit Reporting Act of 1972 which compelled consumer disclosure of credit files for a 'reasonable fee', the self-governing practices of consumers have existed as a revenue stream for the industry. However, it was only in terms of risk scores that it was actively sought, for the first time, to render such practices as an explicit market opportunity:

> In 2001, working with Equifax, we [Fair Isaac] began selling consumers their FICO scores directly, via our myFICO^{sm} Web site at www.myfico.com. Now the same scores lenders use as a ubiquitous, affordable measure of credit risk provide credit empowerment to individuals. With the myFICO service, *we have turned score disclosure into a revenue source, extremely positive public response and an expansion of the Fair, Isaac brand.* And we've already given close to 1 million people the understanding they need to improve their credit options [my emphasis].[51]

A New Market

From an enterprise viewpoint then, the parlaying of the FICO score and credit bureau information from an actuarial technology deployed in the objective assessment of applicants for credit into a tool to be incorporated within subjective self-government of one's own credit use represented a creative exploitation of a business opportunity to realise profit. However, this transformation of purpose did not create but, on the contrary, depended on the emergence of credit users reflexively concerned with their identity. Nevertheless, as O'Malley (1996) points out, a prudential risk manager can only exercise risk management within a context of proffered choices, thus the reflexive user must be located within the rise of marketised consumer choices for the management of credit identity, what I term here 'security commodities'. These are essentially consumer services; translated from technologies marketed to creditors they form commodities based around the personalised release of the individual's specific FICO credit score for which the individual concerned pays a fee. The individual thus comes to partake in the project of self-mastery not just from knowledge as to how scoring works and the significance of having a FICO identity but from a *self-knowledge* chosen and consumed within the market, centred on what their actual FICO score is.

This transformation can be seen in the treatment of this new market of consumers – rather than being merely objects of analysis they become implicated directly within the capitalistic orientation of the firm. Equifax in its presentation of the consumer market, calls it a 'new frontier' accessible through the opportunities provided by the internet. Like target production levels for mass produced consumer goods, it cites the 100,000 consumers purchasing its credit profile service each month.[52] In its 2001 Annual Report, it proudly points to a tripling of revenues and the 2.1 million sales of its combined product suite. It also speaks of 'renewal rates' by customers and the continuous levels of profitability inherent in its consumer direct service.[53] Despite the stockholder-impressing context of these pronouncements, the material significance of the consumer market can seen in the proportion of revenues gleaned from the consumer market over time as a proportion of the total revenues of the whole conglomerate, rising from 2.6% to 6.9% between 2001 and 2003.[54] Meanwhile, Fair Isaac views an enormous market opportunity in the nearly three quarters of Americans who have credit records and where 'even modest penetration with low-cost services could yield significant results'.[55] For its part, it cites an 8 million dollar increase in revenues between 2001 and 2002 and an 11.2 million increase in the following period.[56]

New Opportunities, New Alliances

Such pronouncements – as described above – of exploiting new markets and postings of unit sales and revenues indicate the novel imbricating of consumer self-management within the strategic competitive ambitions of the firms concerned. The conditioning of consumer self-management also creates novel relations within the consumer credit industry as a whole. Whereas before, Fair Isaac and the national credit bureaus were market partners, now, within their separate endeavours to provide consumer security commodities, they are interdependent market rivals as the former depends on the latter for information and the latter depend on the former for the technology to formulate the actual scores.[57] However, lenders too become enmeshed. In expanding the market reach of consumer security commodities, Fair Isaac in particular attempt to create 'value-added partnerships' with other firms within the credit industry – using creditors as intermediaries for its services. Potential partners are tempted to promote its services not only by way of a commission on the revenue generated but also the potential of encouraging new applicants and the strengthening of relationships with their existing customer base.[58] Helping consumers to feel more empowered about their credit identity is thus intimately connected with their future use of credit products.[59] Citing its own survey research, it suggests that 60% of the consumers purchasing their risk scores did so in advance of a significant credit purchase such as home mortgage, mortgage refinancing or a car loan and posits that '[l]enders who offer a link to online score information get a natural link back to their own products'.[60] A similar number of consumers are also claimed to be significantly concerned with improving their credit scores – becoming a conduit for such security commodities for their customer base is also a means of improving the risk profile of their credit portfolio. The FICO score becomes not only a direct means for lenders to quantify and manage the risk it encounters but also, indirectly, a means for consumers to manage and improve their own risk for the specific benefit of the lender. In essence, the scope of pressure on the consumer towards self-management widens.

However, it is not only creditors who provide an avenue for expanding the market reach of credit security commodities. Equifax, for example, sells such wares to employers to be offered as a work benefit to its employees, revealing a new dimension to how prudentialism is conceived: 'just as health insurance helps to ensure an individual's medical well-being, products such as Score Power and Equifax Credit Watch can help to promote financial well-being'.[61] Traditionally within the United States, health insurance and other such benefits – as we have seen, market supplied choices for personalised protection against risk – have been offered as part of a remunerative package to employees, particularly given the absence of an extensive social insurance system. In offering such a benefit, an equation is made between the prudential management of risk through insurance security commodities and the prudential management of one's credit or FICO identity through financial security commodities. They exist as different dimensions of the same process of self-government to be experienced and acted upon. However, it is not only insurance but the explicit reference to health which is pertinent for the contemporary conceptualisation of health, not as a normal state of being but rather a project of the self to be worked at and sustained through the negotiation of 'risks', exists as a significant metaphor for the prudential maintenance of a credit identity.

Segmenting the Market, Expanding the Product Range

As products aimed at a consumer market, security commodities invoking a means for consumers to manage their specific FICO identities have transformed the idea of credit risk technology from that of a lender-focussed technique for assessing a conceptualisation of risk to a consumer brand incorporable within an individual's arc of consumption for the creation and maintenance of credit potential.

As examined in Chapter 2, consumption of recent decades can be distinguished from earlier forms by how the production of goods become linked to para-psychological techniques to segment the population into markets of 'taste' and lifestyle. Goods, through design and advertising, are tailored to segmented markets, to be used by individuals for fulfilment within a broader scheme of individualised projects of the self. The use of those traditional instruments of marketing – focus groups and attitudinal surveys – indicate a new consumer sensibility on the part of the credit reporting industry, particularly Fair Isaac. Through its focus group exercises, Fair Isaac exposes the ignorance of consumers to the formulation and significance of scoring and credit identity, a problem to which its security commodities are the solution.[62] In one mass survey, the following market segments were identified among its consumers: 'shoppers', those planning a major purchase with credit; 'credit health conscious', those with a concern for understanding or upholding their credit identity; 'beginners and re-builders', those attempting to establish a credit record or resolving to improve a history of credit problems.[63] Through such segmentation of the market and by establishing such details that 60% want to improve their score or that 80% have acted to improve their score[64], the possibility emerges of it being able to refine its products to meet indicative consumer needs or, as we saw above, create new co-marketing efforts with creditors and others to extend sales and revenues. Also, the anxieties, the desires, the failures of consumers, or specific segments of consumers, can be appealed to through its advertising and the feelings and possibilities, generated by its brand, tailored for maximum emotional and profitable impact.

In the most mundane ways too, beyond these scientistic endeavours, security commodities take on the quintessential characteristics of consumer goods. For instance in December 2002, Fair Isaac began to offer digital gift certificates for its product range, just in time for Christmas, 'with the option of printing a paper gift certificate in their choice of themes to present to the recipient directly'.[65] In 2001, Equifax's 'CreditWatch' product was voted one of the year's twenty-five best new products by *Business Week* magazine alongside such estimable consumer delights as the Apple PowerBook G4 laptop, 'Harmony' low-fat breakfast cereal and the SkyRoll executive duffel bag.[66] Finally, just like any other consumer-focussed business, Fair Isaac even offers a summer sale on selected lines (see figure 4.3).

Figure 4.3 FICO Sale. Source: automated electronic mail from Fair Isaac to Author.

As these companies begin to engage in the consumer market for the pursuit of profit, the specific commodities they offer facilitating self-knowledge and self-action become more developed and specialised, thus promising in turn, more developed more specialised possibilities for self-knowledge and self-action for the consumer. In terms of scope, commodities are marketed offering scores based on files held not just by the Equifax credit bureau but, later, TransUnion[67] and then an integrated three-bureau report from Equifax, TransUnion and Experian.[68] Additional features are added to existing products to that, for example, consumers can view loan rates offered for their FICO score range so that consumers 'will clearly understand the value in dollars and cents of improving their credit standing over time'.[69] This is later enhanced to allow a detailed comparison of terms being offered by different loans. A new 'score simulator' allows consumers to view their FICO score and than model possible changes to it from an array of future actions:

> By changing one factor at a time such as paying bills in a more timely fashion or opening a new credit card account, individuals can create any

number of 'what if' scenarios to help them decide what specific changes to make to their credit practices.[70]

New specialised products also come to be marketed over time, offering specific types self-knowledge for different purposes. The 'FICO Saver for Homebuyers', announced in June 2003, allows the consumer to self-assess their mortgage borrowing credentials and search out neighbourhood demographic and other information on the property they might intend to purchase.[71] In June 2004, a new suite of products was launched by Fair Isaac offering the consumer protection against the effects of identity theft through the ongoing self-monitoring of their FICO score.[72]

The self-knowledge of a FICO risk score, its significance and strategies of self-action also becomes mediated in different contexts, not simply offered to consumers as a service but as a service to mortgage brokers, employers and landlords who, in using FICO scores to judge applicants, perhaps need a means of contextualising their decisions to those individuals.[73] In this case, mediated self-knowledge is marketed as a means for these businesses to enhance business relationships with their clients. Thus, the conduits for the government of self-government increase, arising not just from the company providing the service but through an ever-expanding array of other organisations steering the consumer towards credit identity self-management.

Building a Brand and 'Barking like a Big Dog'

The first attempt by Fair Isaac to advertise its 'myFICO' service , its collected range of online security commodities, in a television campaign took place during the American Superbowl in 2003. Within American sport and culture, the Superbowl is a prime event, something akin to the English FA Cup final. Attracting one of the biggest television audiences each year, somewhere around eighty-five million viewers not to mention the most expensive advertising fees at around two million dollars for a thirty second slot, it is a showcase event for the advertising industry which uses it to exhibit their creative and innovative talents for new campaigns or to introduce new products to the market. As one advertising executive put it:

> Super Bowl ads are about building brands, incenting a sales force, encouraging distribution and making a public splash. The Super Bowl is an example of the theory that if you are running with the big dogs you need to bark like a big dog![74]

Fair Isaac's decision to advertise at Superbowl can be seen as part of a conscious effort to build a brand identity for a new good across a national market.

Naomi Klein (2000) argues that branding dates back almost to the beginning of mass consumption in the nineteenth century when the homogeneity and anonymity imposed by competitive industrial production and the tearing down of older, established social relations and communities implied by a nascent capitalism, required a new means for consumers to differentiate, but also to be comfortable with, generic products like coffee or oatmeal. In the twentieth-century, not only products but corporations themselves acquired a brand identity, a financially quantifiable capital embodying the 'spirit' of the company and locatable as a point of meaning within people's lives and the broader culture. By the turn of the century, Klein argues that a vanguard of companies such as Nike and Microsoft became concerned not so much with selling products *per se*, as a packaged set of values and meanings instantiated within products; an experience, to be incorporated within the individual's understanding of themselves and others and their self-construction of a lifestyle to be lived. Klein, although critical of the proliferation of what she terms 'branded space' in contemporary societies, exhibits ironically the same hyperbole of any brand consultant in describing the supposed 'weightlessness' of brand-oriented companies liberated from the physical constraints of production, and engaged with by consumers 'less as the disseminators of goods or services than as collective hallucinations' (2000: 22).

Titled 'See How Lenders See You', aptly encapsulating the new self-surveilling role of the consumer, the myFICO advert itself plays heavily on the idea of middle class affluence at ease with itself. Images flash by of wide, well-kept suburban streets flanked by trees in full summer bloom, large New England style homes with white picket fences and smiling, prosperous-looking nuclear families of varied race ensconced in lawns and verandas (with or without the family dog) smiling towards the camera. The family also provides the context for the conditioning of a sense of security, a fish-eye lens capturing a young teenager mowing a well-kept lawn or an infant toddling from the enveloping arms of a father to a mother. Those classic essentials of credit-based consumption are also demonstrated: a female real estate agent, perhaps suggesting the interior décor possibilities, gestures around the features of a sun drenched room to a smiling couple, prospective buyers casually dressed and lovingly arm-in-arm; a prosperous looking couple delightedly approach a beaming clean-cut young car salesman who hands the husband the keys to a brand new sports utility vehicle sitting ready to go in the background before motioning to shake hands with his wife. In the voiceover accompanying the images, a soothing persuasive male voice intones 'your home, your family, your life' before cautioning the viewer that '[w]hen making major purchases, there's a lot you have to think about. And eventually you're going to have to think about how lenders see you...'. After showing us, the viewer, where to get 'the credit score lenders use to make their decisions' as well as other helpful tools, he enjoins us to '[g]ain control of *your* financial world'.

Through the images and voiceover, the advert turns on the role of the prudential subject as one must think strategically about how to ensure access to credit for the needs of consumption in the future. Such an individual, in protecting against risks, does so not merely on their own behalf but on behalf of their families, for he or she does not exist as an atomised entity but as a being located within the emotional, intimate structure of the family, itself located within the voluntary, organic structures of association and community. The emphasis on family thus reveals a duality of prudential concerns, the family as a household whose future lifestyle needs must be fulfilled and the future lifestyles of those adults-to-be, the children. Within the ad, children are revealed as a specific metaphor for security – just as the adult protects the child from stumbling in teaching them to walk, so too does the myFICO service help ensure the security of the ongoing credit needs of the individual and their household in inspiring responsible credit use.

However, what distinguishes the FICO brand above else is its fidelity to the 'real world' as summed up by the working title of the advert – 'see how lenders see you'. Against other web-based competitors producing generic, cloned scores, Fair Isaac builds upon the fact that its security commodities for reflexive self-management are based upon the score actuarially deployed by lenders within the credit decision-making process itself. In the long run, the prudential individual will manage themselves best and most rationally according to an identity based upon the means whereby they are actually managed within the process of applying for credit. The myFICO brand is the one that the prudent individual can trust.

Another articulation of credit risk management as consumption can be seen in the co-branding efforts of Fair Isaac and Suze Orman in the creation of the 'Platinum Kit'.[75] Suze Orman effectively represents what Klein (2000) would term a new breed of 'branded human', articulating a quasi-therapeutic self-help product through numerous media conduits including a range of self-help advice books, television slots and programmes, syndicated articles on websites and in newspapers, lectures and a role as finance editor for *O: The Oprah Magazine*. Fair Isaac present their joint venture with her as a winning partnership, linking her 'dynamic personality' and 'positive, can-do financial messages' with their goals of 'empowering consumers'. Indeed, as Rose (1999a; 1999b) argues, both therapeutics and consumption provide the primary means for the realising of self-government in contemporary society. Where, as we have seen, consumption becomes a means for the incorporation of meaning-imbued commodities in the creation of an autonomous lifestyle, therapy in its widest sense, represents a way of understanding and acting on the self through norms and vocabulary translated from the 'psy-sciences': psychology, psycho-therapy and so on, in the restoration and enhancement of a fulfilling life. Within the Platinum Kit, as we will explore shortly, technical means for acting on one's credit repayments to enhance one's FICO identity are combined with so-called 'action plans' where a software-generated version of 'Suze' provides customised, practical advice for getting out of credit card debt or buying a home or a car.

Fulfilling Consumption

The use of security commodities, provided under the myFICO rubric, exist as services for governing the self and one's faculty of choice in the use of consumer credit. In the words of Valverde (1996), they enjoin a despotism of the self: in choosing to purchase such services, one chooses *not* to be free in one's credit use, to submit to acting in specific ways not prescribed but suggested through the commodity in order to preserve one's freedom to choose. The individual willingly submits to, in fact, happily follows such a regimen for according to Fair Isaac 'consumers want to understand rules of the game'.[76] But it is not merely knowing the rules which is important but reaping the benefits of rendering oneself docile to them for the creation of an autonomous, fulfilling lifestyle implies not only a range of choices now, in the present, but the whole breadth and scope of choices realisable across a lifetime. Security commodities are imbued with an image, a brand, an emotion; consumers are segmented through marketing techniques; lenders and others are engaged with 'synergy' and co-branding marketing deals. These create and propel credit self-management, the fortification of choice and the upholding of individual autonomy, realisable through these commodity forms, as necessary or desirous for the prudent subject.

However, such security commodities do not imply simply a securitisation of identity and thus the freedom to choose as a defensive reaction. As O'Malley (2004) argues, techniques of the prudential risk manager themselves can exist as an avenue for self-expression by the individual within the construction of their lifestyle. Eating organic food, for example, may not simply be a reaction to the health risks threatened by pesticides in foods but can become part of the individual's quest to establish meaning for themselves as moral consumers seeking distinction and finding significance in the consumption of holistic, natural, small-scale, locally produced consumables. For the credit user, using identity security products signifies not only a maintenance or expansion of one's choice, in credit and beyond, but as a form of consumption imbued with its own importance. It is not simply that the consumer is protected or their generalised consumption ability enhanced but that they should feel benefit, a sense of fulfilment through the products.

A certain therapeutic ethos is inlaid here which, following Giddens (1991), appeals to a biographical orientation of the individual where one's actions can only be understood within a single living narrative of the self and its past and where the possibility of individual fulfilment resides in giving expression to an inner authenticity. Therefore, in Equifax's tagline, consumers are 'enabled, enlightened and empowered'[77] through the use of its products, attaining a greater sense of knowledge and awareness about themselves as individuals upon which to act and improve and ultimately, in Fair Isaac's words, to 'control their credit lives'[78] and 'realise their true credit potential'[79]. In coming to reflexively act upon an array of credit obligations in light of a FICO identity using marketed security commodities, individuals are seen to act not only to defend or develop their credit identity within the demands of a freedom which requires of them the discipline to continually reproduce the conditions for the exercise of an autonomous choice. In addition, the consumption of security commodities themselves directly contribute to the formulation of a lifestyle by imparting the ideal of independence and the possibility of self-control, promising the revelation of self-discovery and realisation of who one is.

But what is the purpose, the consequence of aligning individual consumers with their FICO identities? As we have seen, individuals are led to see the significance of different elements of their credit identity and how these become articulated through a quantified score on a continuum of scores representing the whole field of consumers, a scale denoting their ability to govern themselves in using credit. Within the contemporary credit market where the quality of access to credit is significantly determined through the use of actuarial FICO scoring, the ability to understand the significance and composition of one's own score is critical. As individual freedom expresses itself through the ability to choose and the ability to sustain or enhance the autonomy of choice over time in relation to consumption, and one's FICO score becomes a key technology setting and resetting the boundaries of that choice, the self-governing individual takes on the project of sustaining and optimising consumer choice through acting reflexively on their use of credit in light of their own risk identity.

In this, they embrace what I call an 'ethic of improvement' to incrementally increase their FICO attribution through the use of security commodities. As we have seen elsewhere, the autonomous individual as the site of government under neo-liberalism is exhorted to live their lives as an enterprise of the self, strategically accumulating happiness and wellbeing, partially through giving expression to a sense of self from the consumption of meaning-imbued commodities. If the individual is an entrepreneur in such a way, then one's credit identity denotes one's consumer capital, a resource to be carefully invested in through reflexive action, preserved and nurtured to sustain its potency as a key to credit consumption.

The Paradox of Empowerment

In presenting an understanding of the purpose of security commodities, the firms concerned discursively relay their operations as one of 'empowering' the consumer:

> 'Consumers not only use our site to become better informed but to become empowered to improve their credit standing'.[80]

> 'These services are the next big step in our continuing push to provide consumers with the knowledge and tools they need to gain true credit empowerment'.[81]

> 'Our Consumer Direct business continued to expand by using Equifax information to enlighten, enable and empower consumers'.[82]

As Baistow (1994) discusses, empowerment has become a key term within contemporary health and welfare services where it has been invoked as a key value in the transformation of an older patronising monolithic service into a reformed, liberating environment for localised participation and the realisation of personal choice. Within this context, empowerment is the prized attribute of the autonomous individual who has the understanding and behavioural skill-set to plot out the course of their own lives. As she acutely notes, '[t]aking control of one's life, or particular aspects of it, is not only seen as being intimately connected with the formation or reformation of the self as empowered, *it is increasingly becoming an ethical obligation of the new citizenry*' [emphasis in original] (1994: 37). Under neo-liberalism, the individual becomes acted upon as the site of government, conditioning and creating a market-like context of choice for them to realise their autonomy, an autonomy which has become the critical channel through which government is now directed.

Of course, as Baistow notes, empowerment is not something which is done to oneself but, rather, something which is done to one – individuals are not governed despite their autonomy but through it. In being empowered, consumers are to be rendered more able to choose and thus to enjoy a greater sweep of freedom in the future by getting 'the most lucrative return from their credit potential'.[83] However, in doing so, the individual becomes dependent on the expertise inherent to security commodities to make this possible, becomes conditioned to act and to conduct their credit use in particular ways which aligns the goals of the consumer credit industry for minimum default and maximum profitability with the ambitions of consumers for more, better, cheaper credit. The proliferation of security commodities promises the consumer freedom through the enriching of their available choices to consume but in a way which establishes ever stricter boundaries to, and an ever more finely grained, all-encompassing regulation over how, they choose – a new level in the self-despotism which, as we have seen earlier in our discussion of Valverde (1996), is integral to liberalism.

'The One That's Right for You'

FICO identity security commodities are supplied as internet-based services on the specialised website of Fair Isaac 'myFICO.com' and also the website of the credit bureau Equifax.[84] Individual consumers access them online by inputting (obviously, but somewhat ironically) a credit card number to which the cost is charged, their social security number and also a specific identifying piece of information relevant to some part of their credit identity which only they can know, for example, the monthly repayment on the individual's mortgage loan. Like any consumer good whose quality or performance varies by price, the array of security commodities are differentiated by the scale and scope of the service they offer. These vary by:

- *accessibility*, the number of times or the duration, in days, of access

- *comprehensivity*, the number of bureaus sources from which scores are produced
- *detail*, the amount and richness of information relayed
- *specialism*, some products are specifically tailored for home buying or to protect against fraud
- *contextuality*, information allowing the individual to take specific measures to improve their score
- *bolt-ons*, additional services such as 'score simulators', current market interest rate provision or debt reduction calculators

Differentially priced security commodities, selected via market choice thus facilitate differential levels of security and benefit to the individual. In a very real sense then, securing one's credit identity exists as a form of consumption in and off itself irrespective of the credit consumption it allows the individual to countenance. It not only undergirds the narrativising of a lifestyle but, in itself, represents an attempt at narrative, creating meaning for the individual in terms of being enterprising. Fair Isaac's premier product, the Platinum Kit boasts it will show you 'how to get ahead and stay ahead'[85], presumably of other consumers. The FICO Saver 'gives you the inside information that mortgage industry professionals use'[86], again, to get that cheap mortgage that other individuals will not secure. Exclusively through the security commodities supplied, the consumer is empowered with a new competitive capacity, a more effective way of being enterprising.

Self-knowledge

As we examined earlier, the contemporary American consumer is conditioned towards the exertion of self-governance whereby they regulate their actions of credit use according to an understanding of the significance of their FICO identity in order to nurture and develop their own ability to consume. In other words, they come to govern themselves through a specific rearticulation of the means by which they are simultaneously governed by lenders. Security commodities further develop the possibilities for self-governance through conjoining knowledge of the scoring system, the realisation of its significance, with the self-knowledge of the individual's own FICO credit identity at specific points in time. As an abstract, quantified representation, the revelation of the score alone does not constitute self-knowledge alone for self-knowledge depends on a contextualisation of the meaningfulness of the score for their specific entrepreneurial ambitions.

Population. The individual's three digit FICO score, drawn from one or more of the national bureaus, is located on the FICO scale running from 500, the highest risk to 850, the lowest. Overlaid on this scale is an additional measure indicating that score's, and thus the individual's, percentile place within the population of US consumers recorded by the credit bureaus. Within this context, the FICO score becomes a norm to be understood relativistically, a means of understanding who one is now, where one lies against one's peers but also a means of seeing where one could be in the future if this self-knowledge is applied to one's credit use (see figure 4.4).

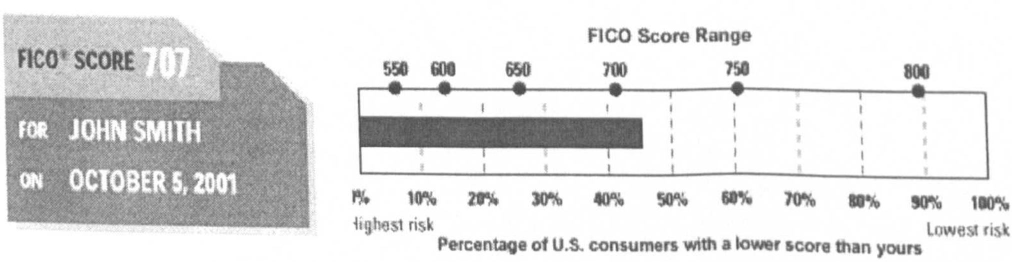

Figure 4.4 FICO Ranking. Source: Fair Isaac.[87]

Default: The individual's score is also mapped in terms of the average delinquency probability represented by the range their FICO score falls within and how this compares against the general population of consumers (see figure 4.5). What 'delinquency' means is also defined for the consumer, namely, loan default, bankruptcy or a 90 day late payment on at least one credit account in the following two years.

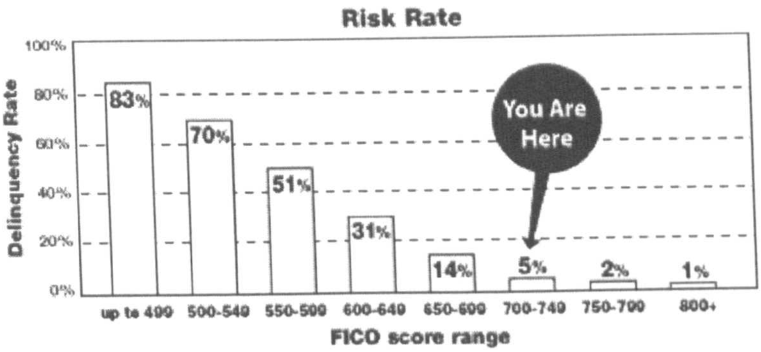

Figure 4.5 FICO Risk Distribution Source: Fair Isaac.[88]

Reason Codes. The score may also be contextualised according to the individual's own actions through a statement of the 'reason codes'. These are a specific, limited categorisation of factors within the model which most influenced the makeup of the individual's score based on the analysis of the particular attributes presented. These categories are divided into positive factors most enhancing the score, for example no late payments or the demonstration of a relatively long history, and negative ones most impacting, such as too many accounts open.

Financial Opportunities. One's FICO identity is also rendered meaningful in financial terms so that one's potentialities and weaknesses as a consumer become plugged into the possibilities of market place choice. On the 'myFICO loan savings calculator', selecting their desired standard loan type, amount required and geographical location, a consumer is presented with FICO score ranges and associated interest rates applicable for such loan along with the monthly payment and the total interest payable over the life of the credit agreement.[89] A segmented chart demonstrates what the individual, by dint of their risk virtuousness, avoided paying and what in the future, through the application of an ethic of improvement, they could save.

Specialist information. In relation to planning for a mortgage, for example, the 'myFICO Saver for Homebuyers' imparts specialist self-knowledge for the aspiring homeowner.[90] 'Andy' the automated mortgage coach, through an analysis of the credit report and through the application of some judicious questions to the individual, weighs up total debts outstanding, FICO score, income, value of home sought, type of mortgage product desired and preferred down-payment to tell the individual how much they are likely to be able to borrow for a home loan, at what interest rate and for what house price value.

Moral standards. The consumer is didactically instructed on the ethicality of their FICO identity, an identity indicative of their absolute moral aptitude as a consumer, or even as an individual. For instance, within a brochure for one of their security commodities, a notional consumer with a low ranking score is described in no

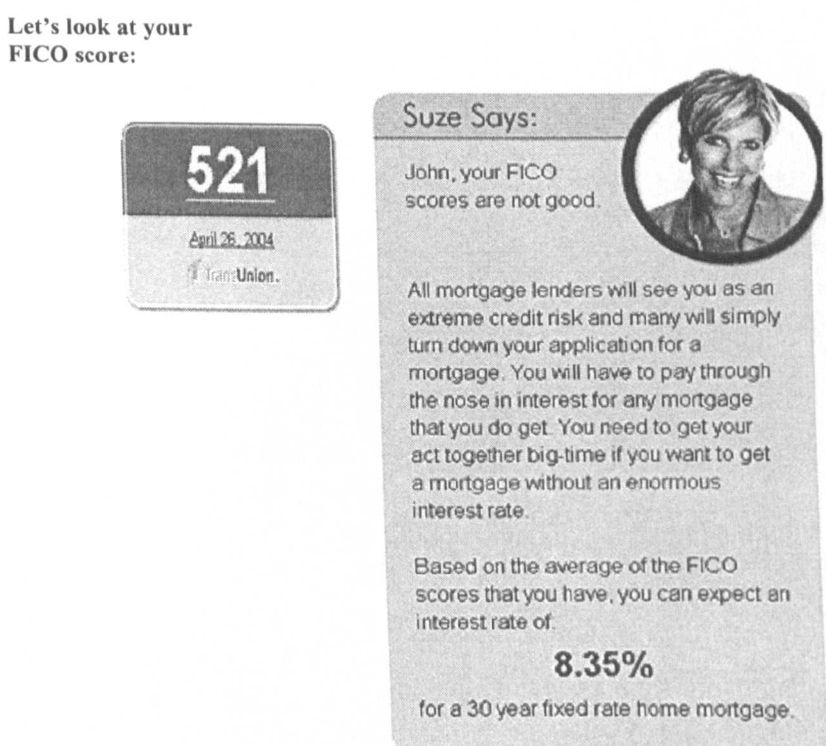

Figure 4.6 Suze Says. Source: Fair Isaac.[91]

uncertain terms as not having 'good' scores, as being an 'extreme risk' who will be 'paying through the nose' on an 'enormous interest rate' because of their fallibility and is in need of 'getting their act together' (see figure 4.6). Such a lack of self-mastery damns them as an aberration within the project of responsibilised, personalised entrepreneurialism and consigns them to the outer margins of choice.

Self-action

Beyond the generalised advice for action to improve one's FICO identity described earlier such as 'pay your bills on time' and 'don't max out your credit cards', security commodities offer possibilities of self-action predicated on self-knowledge for the directing of an ethic of improvement. Knowledge of one's score and one's position within the population demonstrates where one should be in a normative sense. In this, the FICO score as a norm exhibits a duality of meaning. For lower scored individuals, a norm implies the mass of the average-scored to which the individual should aspire while among the higher-scored, it represents an aspiration towards the highest bandwidth of scores attracting the lowest rates and the easiest terms of access.

To these ends 'reason codes', in addition to situating self-knowledge in the present, allow the individual to take immediate remedial action on the most critical elements depressing their score while defending those factors, thus directing the continued pursuit of particular actions, which boost and elevate that score. Credit coaching facilities attached to some security commodities direct the user on a wide array of actions with respect to their credit agreements. Specific action plans can be created and tailored to pay off revolving balances or lower interest rates being paid on credit cards thus raising score levels. Interactive tools allow the individual to see what they would be able to afford in terms of buying a house or car and how to attain these goals in the most cost-effective way. Within the 'FICO Saver for Homebuyers' product, aspiring homeowners can extrapolate the consequences of certain actions on their required repayment levels for the mortgage amount they wish or are qualified to secure such as enhancing their FICO score, increasing the down payment percentage they are willing to offer or choosing a particular type of mortgage, such as a fixed or variable interest rate. [92]

However, it is through Fair Isaac's 'Score Simulator' that the specific future consequences of one's actions are rendered most meaningfully in the present. [93] Through this utility, individuals are shown the likely future consequences on their FICO score of certain individual actions they might take. These are divided into:

- *Always improve your score*: pay bills on time, pay down credit card balances, pay down delinquent balances
- *Might improve your score*: seek new credit, transfer credit card balances
- *Always harm your score*: miss payments, max out credit cards

In the example shown in figure 4.7, the consumer is shown how their score would change if they followed various close-ended actions, with everything else remaining the same. To the individual, it demonstrates the possibilities for one's FICO identity of following certain courses of self-action in the event that other things stay same. Despite its appearance however, there is no specific future calculability inherent in this projection. Rather than providing an all-encompassing predictive picture of the future, it serves to demonstrate to the individual the inherent *possibilities* of certain, isolated courses of action at certain points in time that might be taken within the ongoing present, giving depth and meaning, but not *predictability*, to the personalised ethic of improvement. In crude terms, the score simulator facility shows what *can* happen, not what *will* happen.

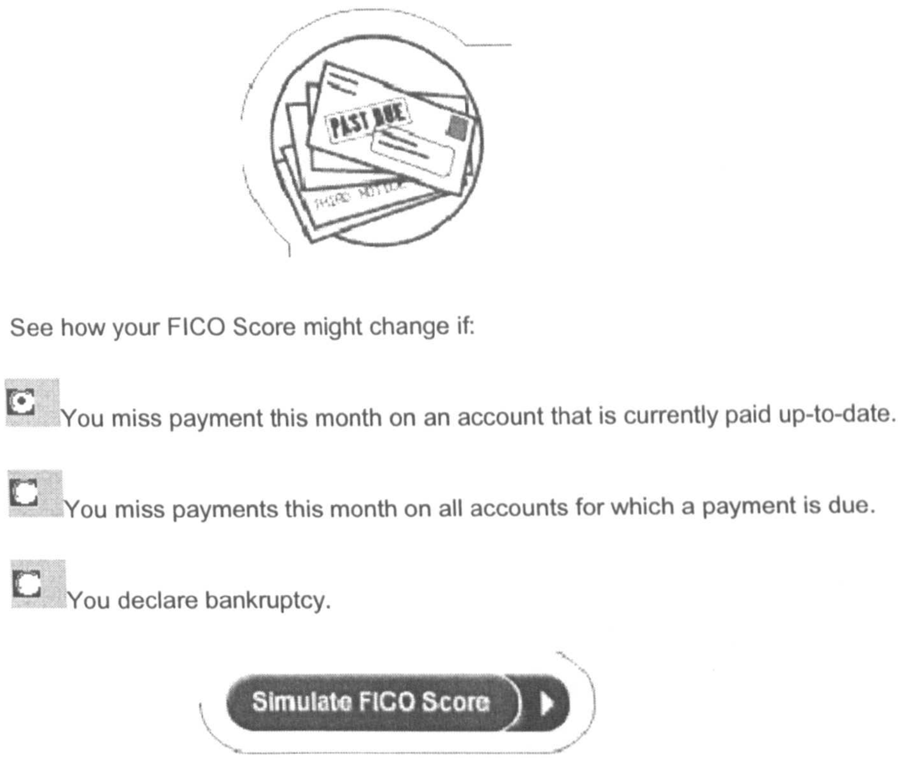

Figure 4.7 FICO Score Simulator Source: Fair Isaac.[94]

Therefore, within the use of security commodities, the individual is oriented towards a state of self-knowledge. Their desires and ambitions to consume through credit are brought into alignment with an understanding of oneself as a credit user in terms of how lenders understand it: one's risk score, one's location within the population of credit users and the consequences of one's FICO score for the possibility and cost of accessing credit. However, in coming to comprehend themselves as individuals with such quantified identities, consumers are infused with a moral awareness of their own position as consumers, understanding themselves as having a good or bad FICO identity. For instance, in letters to a mortgage advice column syndicated within the United States, individual consumers commented:

> 'My credit report is great, with a 740 FICO score. But my husband's credit report is pretty bad, with only a 594 FICO score.'[95]

> 'But my FICO score is 724 so you know my credit is good.'[96]

> 'Because he has no income, the mortgage company has contact me, as co-signer, threatening to ruin my superb 770 FICO credit score if I don't pay my nephew's $8,700 of unpaid mortgage payments.'[97]

> My FICO score is only 590, and my wife doesn't have much credit. That's pretty bad, isn't it? But we are now current on all our bills.[98]

Each consumer thus makes a value judgement as to their own FICO identity and what it proclaims about them as a consumer. As an objective statement of probability within an actuarial strategy of management, risk implies no judgement in and of itself until it enters into the specific context of a decision. However subjectively conceived, where the individual is made responsible for the consequences of their credit actions, it can exist as a definitive means of self-appraisement as to the exertion or the failure to exert a sustained self-mastery over one's actions. In doing so, it allows the individual to judge the extent of their own entrepreneurial aptitude. It is not so much acts which are judged to be intrinsically moral or immoral but the relationship, evidenced by one's score, which the individual has to themselves.

The imperative of lenders to directly or indirectly maximise profitability through the marketing of consumer credit and to reduce costs through calculation of default risk becomes translated into a way for credit users to understand themselves, and through such understanding to act upon it, in their projects of consuming fulfilment. Individuals, as entrepreneurs of their own lives, become also entrepreneurs of credit consumption, attempting to optimise credit choice through ensuring that access is possible and achievable at lowest possible cost. FICO identity is thus never fixed for in representing and conducting the pursuit of the personalised entrepreneurial project, it is always amenable to change. To these ends, an ethic of improvement towards self-mastery is enjoined through the governing of self-action, a reflexively directed choreographing of one's FICO identity through one's credit actions in the ongoing present. From this, it is hoped, the scope of ongoing future credit choice may be enhanced.

The Significance of Uncertainty

A FICO score exists as a probability statement, a quantified calculation of the likelihood that the individual will become delinquent with a certain degree of severity on credit obligations over a certain specific timescale. However, probability only achieves a calculable predictiveness within a large-scale context (Kavanagh, 1993; Reith, 2002, 2004a). For example, probability theory may suggest that tossing a fair coin will produce, on average, 500 heads over 1000 tosses but it cannot reveal what the next single toss will produce. Uncertainty is irreducible in risk.

Similarly, in deciding on applications for credit facilities, creditors use the FICO score of any given individual only within a framework of dealing with a population of applicants. In a certain sense, the use of risk technologies in such a manner implies the inevitability of failure – a creditor will unavoidably encounter defaulting credit users and experience financial losses as a result. Nevertheless, in doing so, FICO and other risk scoring systems transform such losses into a more or less fixed cost of doing business, like taxes or employee salaries, which, once made calculable, can simply be offset against revenues to ensure the profitability of the firm. In the short term and on a micro level, any given score can never tell a lender how an individual will perform on a credit agreement ('a single toss'); rather, scoring helps produce a calculated assessment of how a population will perform ('1000 tosses') and generates an assessment of the necessary macro costs of default that must be embraced to realise revenue and thus profit.

As we have analysed so far, the generation of a FICO score has come to be used as a technique of governing the credit user to govern themselves. However, although it provides a generalised indicator of one's 'esteem' or reliability as a credit-user hierarchised in relation to the wider population, it can not tell the individual whether they themselves will default; neither can it demonstrate to them how they will necessarily be treated by lenders given the diversity and niche marketing of the contemporary consumer credit marketplace. Just as for the lender in relation to any single consumer, no certainty applies to the isolated individual in relation to themselves. Therefore, in the parlaying of FICO from a bio-political technology into a technology of subjective self-understanding and self-management, the way in which a FICO score comes to be interpreted and deployed changes. In the former, an abstract actuarial conception locates the individual as an agglomeration of risk factors historically referenced to the empirically documented reality of the population. In the latter, an abstract identity self-consciously represents the accumulated outcome of an individual's morally weighed and weighted credit conduct; while located and understood relativistically in relation to other credit users, it illuminates for the individual their own continuous process of consumption. Paradoxically then, a risk attribution comes to act as a means for the government of the self under conditions of uncertainty.

O'Malley (2000; 2004) argues that, rather then having been progressively eliminated by the diffusion of statistical technologies of risk in practices of government, uncertainty persists as a way of conceiving of the future. Analytically, he locates 'uncertainty' and 'statistical risk' not as binary opposites, but as opposite ends of a broadly conceived continuum of risk. In fact, not only has uncertainty not been superseded by probabilistic risk but uncertainty has come to be valorised within contemporary neo-liberalism as a key attribute of the entrepreneurial spirit. Entrepreneurs in common cultural parlance, are not, as O'Malley suggests, risk-minimisers but risk-takers, approaching the future not as a source of peril to be quantifiably ascertained and negotiated but as a domain of profitable possibility to be exploited through adaptation and flexibility. Where statistical risk depends on the resemblance of the possible future to the empirical past, the entrepreneur must eschew the past and recognise future opportunities in the dynamic trajectory of the present through reliance on their own experience, reasoned estimation and skill. Thus, for O'Malley, uncertainty as a specific configuration of risk, although not formally calculable, nonetheless provides for a rational approach to the future.

O'Malley's concept of uncertainty provides a useful tool to analyse the actions of the reflexive credit user. Scoring as a technology of risk operates according to a sequential, episodic conception of time. The empirical performance of credit users with regard to repayment provides a known past in light of which a specific decision is taken in the present, generating a calculable outcome with respect to a defined point in the future. Such a technology is also specific in that it refers default outcomes in the past to default probabilities in the future. However, in operationalising a specific risk score within subjective self-management, a different conceptualisation of time is evident, one that is disorganised and fluctuating. Rather than risk serving to interpret the past, for a decision in the present with respect to an event in the future, risk distils the past into a coherent, cognisable ongoing identity in the present. In doing so, risk does not pre-empt the future nor refer to a particular future state but provides merely the medium to defend or enhance that identity against uncertainties in the interests of securing ongoing autonomy and freedom of choice. In this regard, risk is continual – it refers not to specific decisions taken continuously at specific points in time but rather to a continual, shifting, changing attribution to be diligently acted upon in the unfurling present for the benefit of an ongoing future.

This blurring of time, or perhaps more specifically the disappearance of a transcendent future, is evident in how risk as an identity exists as both the means and goal – as something to be acted upon for the purpose of maintaining and developing it, in doing so becoming a dynamic to its own continuance in an inescapable present. Thus as an actuarial population-based technology, scoring transforms uncertainty into calculable risk. But in its forming of a subjectively managed identity, risk is given effect within 'technologies of uncertainty': those security commodities described in the previous section. As O'Malley suggests, uncertainty is closely affiliated with liberty – unlike calculable risk which ties a vision of the future to a repetition of the past, uncertainty implies dynamism and freedom; in contemporary neo-liberal terms, the potentialities of creative entrepreneurialism to apply initiative, to innovate and realise the fruits of its own vigour and resourcefulness.

The Uncertainty of the Self

But what is it that is uncertain for the individual credit user? How is uncertainty being managed? Centrally, it is the self which exists as a source of uncertainty. Valverde argues that:

> ... the persistence of illiberal practices of moral governance is indicative not of a failure to complete the liberal project but rather of a seldom noticed but irreducible despotism in the heart of the paradigmatic liberal subject's relation to himself (1996: 359).

What she demonstrates in her argument is that, in liberalism's dependence upon the self-governing capacities of subjects, the individual exerts a continuous, sustained reign of control upon themselves, a 'despotism' of the self creating and recreating the conditions for the victory of reason over the sensuous, passions of nature. It is not simply that the individual, with the internalisation of control imbued through socialisation and education, becomes a free self-governing individual but that a recidivism of unreason, an 'atavism', constantly threatens in the liberal imagination to destroy that freedom. Similarly Reith (2004b), in her discussion of the concept of addiction, cites how the collision of the notions of addiction as a subjective loss of control and risk as vulnerability have created addiction as a realist threat inciting a dense, steadfast effort of self-monitoring on the part of prudent individuals as an inescapable obligation of their freedom.

According to Valverde (1996, 1997; 1998), the concept of habit provides for a particular form of self-despotism whereby the routine, monotonous, repeated engagement of particular actions by the individual aspires to a permanent transformation of the self. For her, habit encapsulates both the liberal aspiration to individual autonomy as well as a pessimism as to its possibility, for the self-government habit promises resides not in the content of one's conscious actions but in unconscious incorporation through blind repetition.

Within an environment of consumption and the proliferation of the notion of choice, the individual is held to be a locus of intrinsic needs, wants and desires subsumed in passion and excited by the array of consumption before it. Pricked by such impulses, the contemporary individual is conceived around a core of atavistic hedonism, potentially never ending and unbounded in its desires. Within neo-liberalism, consumption exists as a creative device for the sustained continual exercise of autonomous choice by the individual over an extended time, allowing the inscription of a lifestyle as a project of the self. Desire and need are essential but just as essential is the need for them to be channelled, controlled and managed over time to allow for the reproduction of choice. It is not choice per se which demonstrates one's freedom but the ability to sustain and propagate it. Without control, choice can quickly become expended in the short-term and the sustenance of a lifestyle breakdown thus turning consumption from a creative resource into a destructive one and rendering the individual unfree for its pursuit. As a critical conduit in the service of consumption, the indiscipline or inability to sustain repayments signifies just such a lapse into destructive hedonism and becomes exhibited as the collapse of self-mastery in time over one's credit and/or FICO identity. Thus the capricious and aleatoric play of one's needs and desires and the manifestation of one's choices – a new car loan, a mortgage for a bigger home, loans for college tuition fees for one's children – are, over time, uncertainties that must be governed through one's FICO identity. These are uncertainties of the self to which one must maintain a constant vigilance of the self, a despotism which, as Valverde (1996) suggests, goes to the heart of the liberal subject.

In many ways the vigilance of the contemporary credit user takes the form of habitual action. In the actual use of one's credit, injunctions to pay your bills on time, keep balances low and apply for new credit only when needed imply a need for ongoing, time structured good habits as much as consciously considered action. Through the reflexive management of one's score, the consumption of security commodities to acquire one's score on a regular basis, receive updates whenever one's score changes or renew one's subscription also embody a sense of accustomed action whose effectiveness in instilling self-government derives as much from the ordered repetition of reflexivity as the reflexivity itself engendered.

However, as I have attempted to demonstrate, the process of managing uncertainty is not merely a defensive formation but an active project of maximising one's credit potential. Through the fulfilment of one's repayment obligations or careful applications for new credit, one can improve one's score (albeit incalculably) thereby enhancing future freedom of choice as opposed to merely maintaining one's quota of current freedom. Such freedom, though, is not only instrumental but emotional. In plotting out the imagined month-by-month credit tribulations of 'Vera, a single mother', a Fair Isaac information leaflet tells us in the ultimate month that:

> Vera has steadily paid down her high credit card balance and monitored her score. When her score has improved, Vera applies and is approved for an excellent rate on an auto loan. She buys a used car and *feels good about how she has managed her credit* [my emphasis].[99]

It is not simply that 'Vera' has reaped the consuming benefits of self-mastery and enjoys the sensuous thrills of automotive freedom but that she is induced to 'feel good' about her moral elevation as a consumer and its implication as to her worth as an individual.

Systemic Uncertainty

However, uncertainty does not merely reside within the individual themselves but within the technology used to generate a risk attribution. In terms of being assessed as a credit risk, the individual can be located within a complex, shifting three dimensional field of risk. Multiple systems and interpretations of risk are used to actuarially govern the individual credit user therefore, in governing their own actions, the individual must be cognisant of them and their differences. Ultimately, this signifies the relativity of risk as a norm which is generated within a population towards specific ends and does not correspond to anything intrinsic to the individual; nevertheless they are made known to the individual as parallel risk circuits existing within the beneficially competitive diversity of the credit market and which locate the individual in specific, localisable ways.

On the first dimension, as we have analysed in Chapter 3, different types of risk system exist. Most commonly, lenders operate their own specific application risk system constructed on the specific population of their customer base rather than on credit bureau records, allowing the lender to produce a more specialised risk assessment and also incorporate additional information. The reflexive credit-user, although not having general access to this specific risk assessment, is instructed as to its specificity and cautioned as to the types of additional information that may be included as well as the fact that such scores often incorporate a FICO score assessment.[100] The individual is thus made aware not just of FICO, but also its limits and boundaries – gaining access to credit is not simply down to the information comprising one's credit identity but other information including income or residential neighbourhood. To govern oneself effectively through a FICO identity thus requires knowledge of how its actuarial use within lending is distinct from, or articulated with, the attributions generated through alternative, localised risk systems.

On the second dimension, different bureau-based scoring systems exist as alternatives to FICO which work off the same data yet generate alternative scores on different scales depending on how the model was constructed and how it interprets attributes and characteristics. These may be marketed to and used by lenders to generate risk attributions within the context of credit decisions as well as being 'FICO clones' aimed purely at the consumer market.[101] These alternative scores are essentially rivals to Fair Isaac, both as suppliers of scores to lenders and to consumers. In this second case, consumers are alerted to the fact that such devices exist but are cautioned that 'when purchasing a credit score for yourself, make sure to get the FICO score, as this is the score most lenders will look at in making credit decisions about you'.[102] In redirecting their scoring technology as a security commodity for credit users, Fair Isaac exploit their pre-eminence among lenders to define the real world fidelity of their consumer product and competitively differentiate it from others. Consumers are enjoined to be *rational* in defining and acting upon themselves as subjects according to a risk attribution upon which they are most likely to be actuarially defined and acted upon. In fact, reflexively acting on the basis of a non-FICO identity to enhance access to credit could actually prove counterproductive. Consumers thus should be educated as to differences between bureau scoring systems.[103]

On the third dimension, there is not simply one FICO score. Firstly, given that the relationship between bureaus and lenders within the credit reporting assemblage is a market one, lenders can choose which and how many bureaus they wish to share information with. Secondly, clerical errors between lenders, bureaus and others in reporting information about the credit conduct of individuals can lead to discrepant information being posted on a consumer's credit record. For instance, a study by the Consumer Federation of America presented evidence of a significant variation in the information being held between the three national credit bureaus.[104] In its sample of consumers, 31% experienced disparities of at least 50 FICO points between reports while 5% experienced disparities of 100 points or more.[105] Therefore, given that an individual's record of repayments and credit use may not be the same at all bureaus, the FICO model will interpret and distil potentially discrepant information to produce differing FICO risk identities. Such inconsistencies exist, it is argued, not despite the rational objective nature of risk scoring but because of it. Almost like the Christian holy trinity, each credit user is composed of one FICO identity with three distinct essences depending on whether or how their actions are recorded.

Discrepant diversity, far from being projected in a negative way, is conceived partially as an asset of the credit reporting assemblage. Different bureaus have different unique 'data strengths' to which the FICO model is specifically tailored, increasing its overall predictiveness.[106] In addition, it is suggested that the competition between each of the bureaus drives down costs and promotes innovation so that '[b]oth lenders and consumers benefit from having more than one choice'.[107] However, such schizophrenia does not undermine such a project of reflexive self-government; on the contrary, it extends the scope and reach of responsibility for the consumer who becomes conditioned to manage three sub-identities in one. Of course, lenders and credit bureaus act to ensure consistency in the reporting and recording of repayments and other information but the individual themselves must regularly examine for significant inconsistencies in their different FICO scores, scrutinise the content of credit reports from all three bureaus and act to remedy any non- or mis-reporting of their credit actions.[108]

There is, though, a wider, more profound, more high-profile uncertainty that haunts the contemporary consumer, which threatens to completely usurp their ability to consume and paralyse their capacity to pursue the obligation of choice endemic to the contemporary consumerist project. It is to an analysis of the distinctly late-modern risk of consumer 'identity theft' that we now turn.

Criminalisation: From Documents to Identity

Billed in the media and elsewhere as the 'fastest growing crime in America', the 'crime of the 21st century' or the 'crime of the new millennium', identity theft involves the use of another's personal identifying information, most commonly, to fraudulently secure or exploit lines of consumer credit. Numerous studies document large year on year increases in the number of occurrences, the increasing average financial impact of each case and the escalating time required by victims to restore their identities.[109] In the most recent of these, the 2006 Javelin Report, found that 8.9 million Americans were victims of identity theft in 2005 with a total fraud amount recorded of $56.6 billion, or $6,383 per victim. On average, each victim spent 40 hours attempting to restore their credit identities. However, an earlier 2004 Identity Theft survey carried out by the Identity Theft Resource Center in association with criminologists at the University of California identified vastly greater average financial losses of around $50,000 per victim and mean recovery man hours of 330.

The state too has, in recent years, been active in framing it as a social problem. Senate and House committees have held numerous hearings on the phenomenon, receiving testimony from regulators, businesses and victims and, in one case, exploring how identity theft facilitated the September 11 attacks.[110] Yet, before the end of the 1990s, identity theft simply did not exist as a crime in federal, state or tort law. Statutory measures that did exist against mail or bank fraud penalised only the fraudulent use of identification documents but not the actual use of information about an individual themselves (Matejkovic and Lahey, 2001). In 1997, California introduced one of the first identity theft laws under Section 530.5 of its Penal Code which mandated that anyone who wilfully obtained another's personal identifying information, without authorization and for the purpose of unlawful use, would be guilty, at the court's discretion, of a misdemeanour or felony (Davis, 2001; Diedrich, 2003). Additional measures since have provided for a new judicial process that allows identity theft victims to avoid prosecution for crimes committed in their name, a state-wide database to assist identity theft victims in restoring their identities, the right of a victim to access information from companies on the fraudulent use of their data as well as being supplied with necessary 'name-clearing' information.

In 1998, the Identity Theft Assumption and Deterrence Act (ITADA) was passed at the federal level (Saunders and Zucker, 1999; Hoar 2001, Matejkovic and Lahey, 2001). Similarly criminalising the use of another's personal data, the act specified penalties ranging from three to fifteen years imprisonment depending on the financial extent of the fraud, with an upper scale of twenty-five years for repeat offences or offences facilitating drug trafficking or acts of terrorism. In addition to defining and providing appropriate legal sanctions, the act also mandated the Federal Trade Commission to act as a clearinghouse for identity theft complaints. By 2001, forty-four states had passed specific identity theft laws, with twenty-two doing so in 1999 alone (GAO, 2002).

What is significant about such legislation is the degree to which it has been conceived around the idea of the consumer and how it impacts upon them. Whereas previous laws concerning fraud were based around the impact of losses experienced by firms and commercial enterprises, ITADA in particular enshrined the principle of the consumer as primary victim. Although an individual has never been legally liable for debts not wilfully contracted by them thus burdening businesses with its financial impact, the act, in locating the crime around the usurpation of the individual's information as opposed to the actual site of impact of the fraud, gave explicit recognition to the harms caused to the consumer. The United States Sentencing Commission was also directed, under the act, to take into account the victim when issuing sentencing guidelines for relevant fraud cases, including the number of victims and the amount of such loss as well as such unquantifiable effects as the damage done to the reputation and credit rating of the individual and the degree of difficulty experienced by the victim in restoring it (Hoar, 2001: 1431; Matejkovic and Lahey, 2001: 226). The new legislation also amended the Mandatory Restitution to Victims of Certain Crimes Act 1996 to allow federal courts to order perpetrators to financially compensate victim for costs endured in the legal restoration of their identities (Saunders and Zucker, 2001: 188).

Identities at Risk

For many observers, identity theft represents the dark side of a free-flowing, dynamic informational economy. For instance, financial journalist Bob Sullivan (2004) sees identity theft as the 'radioactive by-product' of instant credit, the inevitable consequence of a system which allows endless, impulsive consumerist desires to be instantly fulfilled. In her testimony to a Senate Committee, Federal Trade Commission Chairman Deborah Platt Majoras identifies the instantaneous collection and assembly of consumer credit information as presenting a significant security concern in terms of being a point of vulnerability for identity theft.[111] Oregon Assistant District Attorney Sean Hoar (2001), a high-profile prosecutor of identity theft crimes, pinpoints the widespread proliferation of Social Security Numbers as personal identifiers and the increased commercial exploitation of the internet as major factors in increasing the possibility for private information to be used for nefarious purposes (see also, more generally, LoPucki, 2001 and Solove, 2003).

Thus, the expansion of electronic databases and their attendant 'surveillant assemblages', the infinite variety and diversity of choice obtainable in the credit market, the incessant rapidity of credit approval and the widened convenience of the internet as a means of marketing and accessing credit products, those very processes which embody the efficiency and mass accessibility of credit for the fulfilment of consumerist desires, are simultaneously identified as the culprits of an escalating crime that may undermine them. Just as it has been argued that the dynamic productive potential of late-modernity has given birth to an ineradicable 'risk society' as its dark, self-destructive progeny (Beck, 1992), is seems, so too has the vibrant contemporary consumer credit complex, integral to the project of individual self-fulfilment, bestowed a dangerous generalised risk of identity theft that threatens at every point to undermine an individual's continued realisation of such a project.

However, the risks of identity theft and environmental catastrophe do not merely exhibit a superficial similarity but, perhaps, embody the permeation of a broader 'culture of fear'. Furedi (1997) argues, in the detailing of society's obsession with a variety of risks from tampon 'toxic shock syndrome' to BSE, that their perpetual generation is not a realist outcome of late modernity or a function of the increased technical knowledge attuned to their conceptualisation. Rather, they are manifestations of a free-floating cultural anxiety that becomes attached to (and detached from) an array of phenomena and experiences, characterised by a pessimistic expectation of adverse outcomes, a fear of change and of the future, and a diminished expectation of human potential and achievement. For Furedi, the heightened risk consciousness of contemporary societies reflects not the creation of more risks or a great sensitivity towards them; it expresses, rather, the altered relationship between the individual to society, the relentless individuation of human experience in concert with the fragmentation of old solidarities and common meanings which exposes individuals' diminished sense of control and their heightened feelings of vulnerability.

However, the weakness of Furedi's analysis is to inscribe a generalised culture of fear simply by documenting the array of its supposed manifestations. In de-reifying risk, this has the tendency of reifying 'society' in its place, thus eliding the ways in which cultural understandings are incorporated into everyday practices and the specifics of how particular fears are formed, given weight and interlinked to other elements of social life (Wilkinson, 2001: 134; Tudor, 2003). Nevertheless, in analysing the specifics of those practices through which the individual is both governed and governs themselves through the risk of identity theft, Furedi's argument provides a useful point of departure in demonstrating that the contemporary preoccupation with risks that the individual is perceived to be in danger of says less about the realist contents of the specific risks themselves then how the individual is conceived and governed within society.

As we have seen, the risk of identity theft is conceived of as an incalculable systemic risk stemming from the productiveness of the market itself, a systematic by-product of an advanced, bureaucratic, electronically-enabled complex credit system. In suitably foreboding terms, for instance, the Federal Trade Commission (FTC) warns:

> In the course of a busy day, you may write a check at the grocery store, charge tickets to a ball game, rent a car, mail your tax returns, call home on your cell phone, order new checks or apply for a credit card. Chances are you don't give these everyday transactions a second thought. But someone else may.[112]

According to the FTC, identity theft involves the fraudulent use of *your* personal information in the following ways: appropriation of your credit card, the opening of a new credit card in your name, the opening of a bank account in your name and the running up of an overdraft or the taking out of auto or other loans with your details. Beyond credit it can encompass such things as the creation of mobile phone accounts in your name or even the submission of your details during an arrest. As the number of avenues for using credit increase, as total levels of credit use increase, as credit becomes less personalised, more automated and more mediated through electronic channels, the fetishised risk of one's credit identity being appropriated increases, both in terms of greater likelihood and the severity of potential damage that can be inflicted. Such damage however is not merely material; in fact, the individual cannot, in general, be held legally liable for debts that they did not incur of their own volition. On the contrary, the consequences are demonstrated to be more invasive and far reaching:

> My wallet was stolen in December 1998. There's been no end to the problems I've faced since then. The thieves used my identity to write checks, use a debit card, open a bank account with a line of credit, open credit accounts with several stores, obtain cell phones and run up huge bills, print fraudulent checks on a personal computer bearing my name, and more. I've spent the last two years trying to repair my credit report (a very frustrating process) and have suffered the ill effects of having a marred credit history. I've recently been denied a student loan because of inaccurate information on my credit report.[113]

In the past, impersonation and fraud in the instances described have always existed as crimes but now they have become discursively sewn together as part of a single, coherent albeit multi-faceted risk facing the individual. The securitization of generalised access to credit through a single identity mechanism opens up multiple conduits of consumption to the individual who appropriates it. Identity theft is thus not simply an increase in the diversity of fraud in the traditional sense but, more fundamentally, the increased cohesive risk of appropriation of an individual's consuming capital determining their degree of ongoing choice. The record of actions represented by the victim's credit identity reflects actions that are not of their own making, actions concerned with maximising short term benefit oblivious to the longer-term degradation of choice. Just as Oscar Wilde's protagonist Dorian Gray could evade the corporeally corrupting effects of his own immorality by externalising them on his hidden portrait, leaving him free to pander to his own base desires, so too can the identity thief pass off the financial consequences of his or her own indulged consumerist desires by transferring their attendant informational traces to the portrait of the victim's credit history.

Ultimately, identity theft is the theft of the productive capacity of one's credit identity, leading to the inhibition one's entrepreneurial potential, one's ability to create a life for oneself through one's consuming choices. In being encumbered with someone the consequences of some else's choices, one is left without an ongoing ability to choose; one is rendered unfree. It is this uncertain threat of a complete loss of self-determination which seems to inject identity theft with such a nightmarish quality. As a representative of Fair Isaac states:

> Most people are learning that the critical damage caused by identity theft is not so much the fraudulent charges, which in some cases are covered by the creditors. What's most critical is the amount of time it takes to resolve identity theft issues, and the damage it can have on your FICO credit score, which may increase the interest rates you pay on credit cards and home loans, and in some cases can make credit unavailable when you need it most.[114]

The contemporary conception of identity theft, then, is that of a technological rollercoaster of hyper-fast markets and light speed information assembly which help fulfil consumerist dreams and ambitions and yet at the same time, open the possibility of exactly their opposite. Perhaps, as Bauman (1997) argues, the fears that haunt society are historically contingent and made to its own measure, a projection of the quintessence of society itself with the application of a minus sign; a reflection of the inner ambivalence towards its own order, function and purpose which must be manifested as an external threat to be combated.

Golyadkin's Condition: Being a Victim

> Mr. Golidadkin was properly astounded.
> "Are you speaking to me?...I...it seems I took one little pie".
> "You took eleven," the counterman objected with assurance.
> "You...as it seems to me...you seem to be mistaken...Truly, it seems I took one little pie."
> "I was counting; you took eleven. When you take, you have to pay; we don't give anything for free."

> Mr. Goliadkin was dumbstruck. "What is this, is some kind of witchcraft being worked on me?" he thought.
>
> Fyodor Dostoevsky, *The Double*

However, the impact of identity theft is not felt simply as a negative state of unfreedom but, positively, as the embrace of a particular identity, the state of *being* a victim. In relation to the contemporary notion of addiction based on the affliction of an 'incurable disease' and a 'complete and irreversible loss of control', it is argued that the neo-liberal ideal of the autonomous individual engaged in the perpetual creation of an identity is inverted, replaced by a static attribution based on the denial of the possibility of future choice (Sedgwick, 1992; Reith 2004b). Similarly for the identity theft victim, their condition is conceived as the impact of a coherent external event with long term consequences that not only robs them of choice but around which they might organise the ongoing experience of not being in control, of not being able to choose, which supposedly permeates their lives. Unlike conventional property theft, identity theft is not merely the appropriation of property with possible emotional side-effects but is conceived as an unquantifiable, direct invasion of privacy and one's sense of self with deep and lasting consequences (Diedrich, 2003: 383-4). In this regard, the living of an identity theft identity is not simply the condition of a denial of material possibility but the experience of an adverse emotional state, both through oneself and within one's personal relationships:

> Identity theft is a complex problem. Therefore, it is not surprising that some victims react as survivors of prolonged, repeated trauma, much like battered women or prisoners of war. In fact, victims may compare the crime to rape or torture. Some feel like they are experiencing a form of 'post-traumatic stress disorder' for a short time.[115]

Although comparison of identity theft to imprisonment, rape or torture seems somewhat gratuitous, it nevertheless focuses attention on how the disengagement of one's future domain of choice from one's morally responsible actions in the past and a subjective loss of control that the individual is held to experience seems to represent a fundamental denial of what it contemporaneously means to be free – a freedom to realise an authentic self, the freedom to be fulfilled in one's life. Witchcraft, indeed.

Like the constituted addict identity, the identity of the identity theft victim is static and unyielding. Although the victim can act with creditors, police and bureaus to clear the perpetrator's accounts from their credit record, it is up to the victim to prove their innocence. Identity theft may also strike again down the line or creditors may, though administrative error or indifference, re-report fraudulent accounts back to the credit bureau thus reigniting the problem.[116] As such, the negative emotional effects experienced are not just the invasion of the individual victim's sense of privacy but the difficulties of proving their innocence to police and defrauded creditors.[117] But, even if the victim might be materially 'in the clear', they are still positioned as being encumbered with a debilitating uncertainty which pervades their life, disrupting their sense of security so that the normality they return to is always provisional. With an emphasis on the subjective emotional state, the victim is forever haunted by their experience, leaving 'loss of innocence and trust' and 'scars' as a 'long term impact' to be endured forever.[118] In giving testimony to a Senate subcommittee, one victim tellingly reports, 'I don't think I will ever be able to close the books entirely on this menace's [perpetrator's] activities. I dearly wish I could, but what I know now translates to the fact that I will always be dealing with this alter reality I am plagued with'.[119]

In a recent study, the emotional topography of identity theft was explored with victims being asked about symptoms experienced with which they were concerned.[120] Twenty-five emotional responses were charted including feelings of denial, fear for oneself and family, anger, shame, powerlessness, loss of trust and withdrawal from others. In addition, the trauma of identity theft was seen to impact on one physiologically through such manifestations as 'sleep disturbances', 'new physical illnesses or renewed illnesses', even becoming connected to other forms of problematic addictive behaviour: 'start or restart of unhealthy habits (i.e. alcohol, drugs, smoking, overeating)'.Ultimately, the victim might even end up being 'chronically dysfunctional' or 'severely depressed'. Taken together, these are adjudged by a professional psychologist to be classic symptoms of Post-Traumatic Stress Disorder (PTSD) comparable to those of serious physical assault.[121]

As has been argued, a diagnosis of PTSD locks individuals into an identity whereby a sizeable portion of their lives is understood in terms of an event in the past, an event which persistently conditions their lives thereby transforming the self-determining human subject into a 'survivor' of events around them (Furedi, 2004; Gilligan, 2006). Identity theft is invested with an emotionality around which the loss of consuming choice is experienced; however, in accumulating such symptoms within a medicalised label, the scope of that loss of control is extended. The victim experiences not merely the loss of an entrepreneurial ability to narrativise their lives through credit consumption but the loss of an emotional equilibrium necessary for a fulfilled self and healthy relationships, an equally important component for the meaningful living of one's life (Rose, 1996a).

From a subjective standpoint, one's credit identity, an electronically circulated 'virtual self', is created through the systematic tabulation of one's morally responsibilised, ongoing conduct in using credit. In acting as a form of 'consuming capital', it significantly reflects *and* determines one's ongoing degree of autonomous consumer choice, one's freedom in the continuous process of self-realisation. With identity theft, in contrast, the recorded actions constituting one's identity do not reflect credit conduct for which the individual understands themselves to be morally culpable; nor do they embody the consuming choices involved in the realisation of an authentic self. In so doing, the future consuming possibilities dictated by one's sullied credit identity are not only diminished but rendered discontinuous from this self. As our victim above understands it, 'Heddi [the perpetrator] has robbed me of the normal life I have strived for and entirely deserve. My life should be one in which I, and I only, should be the only one being held responsible and accountable for my personal credit history... '.[122] The dynamic process of narrativising oneself through consumption, of designing and constructing a lifestyle that is true to the self, completely breaks down. For the victim, the past, present and future are lost.

Recovery: Re-enterprising Entrepreneurialism and 'Healing the Scars'

As a result of identity theft, however, one's personal project of entrepreneurialism may not be so much lost as inverted. As the FTC states, '[p]eople whose identities have been stolen can spend months or years – and thousands of dollars – cleaning up the mess that thieves have made of their good name and credit record'.[123] Although a crime which may or may not be prosecuted, it is the victim who is left with the task of restoring their identity and rehabilitating their entrepreneurial potential. Ironically, the difficulty experienced by victims of identity theft is not so much the imposition of the credit charges as the difficulties experienced of negotiating with law enforcement, creditors and credit bureaus to have those fraudulent accounts removed from their credit files (Solove, 2003: 36).

To this end, the victim is taught to *be* entrepreneurial.[124] Initially, they are advised to take the following steps: to establish credit report fraud alerts, to close tampered accounts, to file a police report and a complaint with the FTC itself. After that the individual is conditioned to actively canvass credit bureaus, creditors, debt collectors and the police to extricate fraudulent accounts from their credit record, being informed of their rights, duties and obligations. Throughout, the individual is persuaded of the value of an active, disciplined and organised approach. In dealing with the police, the individual is enjoined to provide as much documentation as possible, to be 'persistent' in emphasising the seriousness of identity theft as a crime, to be a 'motivating force' in linking their case to other possible local cases – 'if there is a pattern of cases, local authorities may give your case more consideration'.[125] Before setting off on the complex process of dealing with multiple organisations, the individual is also encouraged to follow up, in writing, on all phone calls using certified mail; to keep and systematically file copies of all correspondence; to continuously update a written chart for all correspondence detailing agency, contact, dates, reference numbers, comments and action points. The entrepreneurial endeavour of maximising one's credit potential and consuming choice, that neo-liberal obligation of the individual temporarily suspended through identity theft, is thus replaced by an entrepreneurial project of restoring one's identity as quickly and as expeditiously as possible through being not only informed, methodical and prudent, but also perceptive, adaptive and innovative.

However, within the process of recovery, the victim of identity theft is enjoined not only to act upon their credit identity but their own emotions also. A victim guide published by the self-help group Identity Theft Resource Center with the assistance of Charles Nelson, a clinical psychologist and director of a Californian 'Crime and Trauma Recovery Programme', supplies expert step-by-step guidance on negotiating the emotional 'rollercoaster' of identity recovery.[126] To this end, the victim is encouraged to act upon themselves under such headings as:

- The Moment of Discovery
- Starting the Healing Process and Regaining Emotional Balance
- Overcoming Feelings of Powerlessness
- Take Time for Yourself
- Feelings About the Imposter(s)
- Moving into Activism
- Should you Consider Professional Help?

Within the process, the individual must recognise and come to terms with the inevitable onset of an array of emotional experiences brought on by the crime. In fact, a lack of emotional response on the part of the individual would be unusual and perhaps a symptom of denial, itself an emotional response. The individual must deal with these effects, either by coming to acknowledge the specific reasons for the response, enlisting the support of family and friends who must be carefully briefed by the victim themselves on what they are going through, or simply acknowledging them and moving on. However, the crime itself is conceived as merely the beginning; much of the emotional trauma is as the result of the arduous process of actually attempting to restore one's identity, a tribulation which can impart such feelings as anger, impotence and frustration in the individual. Within this, it is deemed important that the individual maintains a sense of perspective, that they take time off for treats and exercise, learn to say 'no', do not lose sight of themselves within the crime and so acknowledge and develop other parts of their life. As observed by Furedi (2004) in relation to cancer or child abuse survivors, the identity theft 'survivor' is also encouraged to incorporate their identity as a victim in a progressive way, as a process of learning and self discovery:[127]

> Accentuate the positives. ... [S]ome victims find a gift in identity theft. They learn how powerful they truly are. They find an assertiveness they never exercised before. They learn how to talk with high level people and get what they want, sometimes with a boldness they never knew they had. In addition, they find who their true friends are.

This progressivism also relates to activism where the individual can promote self-healing through public engagement, whether through setting up a support group, or helping to increase general awareness and understanding of the crime. Finally, sometimes the affective impact of the both the crime and the process of recovery can be too much, triggering a clinically depressed state. At this point, the individual is shown where to go to get professional help.

Prudent Prevention

Simon (1997) remarks that within contemporary Western neo-liberal societies, individuals have become governed *through* crime. In other words, crime becomes a key site, a 'compelling story' within which individual freedom is conducted by others and by the self through the medium of their personal autonomy. As has been argued, the object of contemporary government is the individual and their fundamental faculty of choice, exercised as entrepreneurial and competitive conduct within contrived marketised contexts. Therefore, although a proliferating 'global' crime risk potentially affecting more and more individuals, the consequences of identity theft are experienced as being individualised, as the usurpation of one's institutionally-mediated ability to consume.

Personalised in effect, identity theft is also understood as personalised in cause. As the FTC report, identity thieves get your personal information by: stealing your wallet or purse, stealing your mail including credit card offers, diverting your mail, rummaging through your rubbish, fraudulently obtaining your credit report, trawling for personal data maintained on the internet or hacking into your computer system, and stealing, bribing or hacking into files held by organisations which maintain your personal information. Therefore, vulnerability to the uncertainty of identity theft resides with and around the individual themselves – as does responsibility for its avoidance (c.f. Garland, 1996: 452-5). Like our contemporary understanding of health (Greco, 1993; Cockerham, 1997; Bauman, 2000), one's credit identity is made to be not simply a state that is either enjoyed or suffered but a continuously recreated outcome of effort, defence and endeavour. Identity theft is an uncertainty to be studiously avoided through strategic action of the self, a risk for the prudent individual to negotiate and manage.

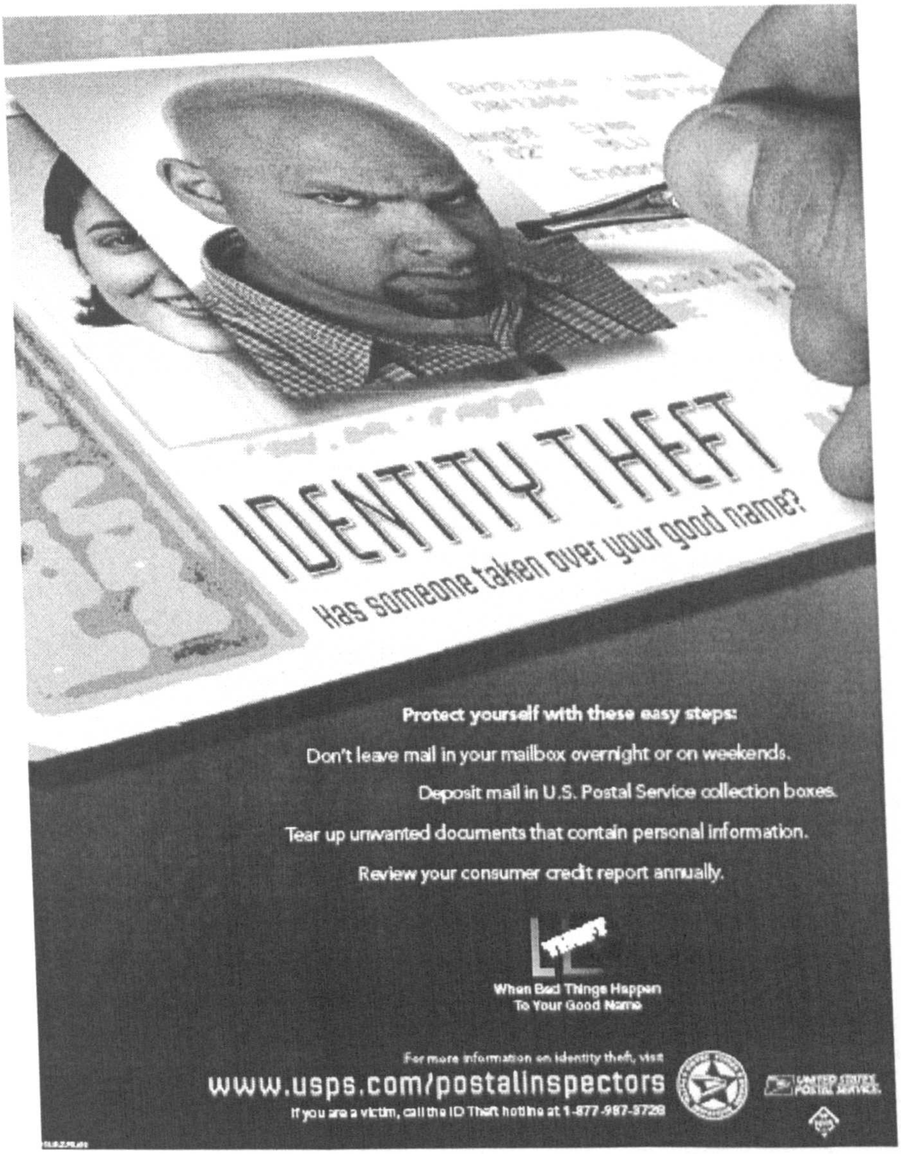

Figure 4.8 'Identity Theft Cover-Up'. The United States Postal Service educates consumers into mail related tactics for avoiding identity theft. Source: US Postal Service.

The state, represented by the FTC but also consumer activist groups like the Identity Theft Resource Center (ITRC), identity theft experts in the media and self-help books and institutional lenders prescribe a range of risk minimising measures for the individual to take including: making sure one's records, physical or computerised, are secure at home, at work or elsewhere; shredding junk mail credit offers; only carrying around the credit cards you need and not one's social security number;

paying attention to billing cycles; opting out of pre-approved credit offers and other forms of direct mailing lists.[128]

Prudence, though, attaches itself not to actions alone but to the type of person one is. For instance, the ITRC offers an 'Identity Quotient Test' for the individual to interrogate themselves as to how risk sensitive they are.[129] Set out like a self-administered pop-questionnaire in a magazine ('How good am I in bed?', 'Am I good friend?', 'Do I have a good work / life balance?'), it exposes potentially risky actions through such points accumulating self-questioning statements as:

> I provide my social security number (SSN) whenever asked, without asking how the information will be safeguarded or why it is necessary for them to have it in the first place (2 pts)

Meanwhile, each risk conscious practice is rewarded through the subtraction of one point:

> I keep an eye on my credit cards whenever they leave my hands to avoid skimming.[130]

> I do not respond to Internet scams and hang up on telephone solicitors.

At the end, the individual can tot up their points and find out if their points total makes them high risk and in need of remedial changes, whether they 'still have a ways to go' or whether to 'keep up the good work' and not let their guard down. The individual can thus objectively assess themselves according to the norms provided by the experts at the ITRC, define their actions according to how risk prudent they are and act on the self to lower one's risk. As the FTC relates, '[w]hile you probably can't prevent identity theft entirely, you can minimise your risk. By managing your personal information wisely, cautiously and with an awareness of the issue, you can help guard against identity theft'.[131] Academic research, too, has framed the seriousness of identity theft in terms of individual knowledge and action on how to minimise its likelihood of occurrence. For instance, marketing professor George R. Milne (2003) has carried out survey research measuring the responses of different population groups to a range of questions assessing their 'preventative behaviours' with respect to the risk of identity theft, highlighting key deficiencies in knowledge to be addressed in consumer education programmes.

Faced with the ever-present, ever-growing risk of having their identity stolen, a negative future contingency which individuals are governed to take informed, adaptive, pre-emptive action in the ongoing present to avoid, the individual is thus conducted to be enterprising in maintaining the integrity of their credit identity. By implication, identity theft constitutes, to some degree, a lack of self-mastery, a moral failure in the individual's duty to take care of themselves; the inevitable, if not deserved, outcome of their own ineptitude. However, as such a label implies, the victim's liability is limited for although such an event as identity theft is strategically minimisable, it is nonetheless relatively incalculable and irreducibly uncertain. Victim support groups and others, for their part, deny the sole culpability of the individual, highlighting other factors including the poor information security procedures of public and private organisations which maintain personal data (see Solove, 2003) and the insufficiency of the legal deterrent on the criminal.[132]

Ultimately, like illness, the ravages of identity theft afflict even the most prudent and cautious in their actions. However, in itself, the onset of identity theft does not constitute the end of entrepreneurial action for, as we have seen, the individual must now act to minimise its impact on their broader entrepreneurial potential. By recognising it, by acting promptly through discipline, perseverance, foresight and innovation the individual can quell its worst effects and attempt to realign their objectivised identity back exclusively to their own actions. Then, they might return to the project of ensuring the self-mastery of their own credit use, even if such a project cannot be as it was before.

Identity Theft and Security Commodities: Catching it Early

In order to protect against the uncertainty of identity theft, security commodities based on a reflexive analysis of one's credit identity are marketed to the individual as a primary tool of harm minimisation. In its promotion of identity theft awareness, the FTC and others advocate a continuous analysis of one's credit reports at the three national bureaus in order to ensure that they reflect only one's own details and actions. In fact, the 2003 legislative changes to the Fair Credit Reporting Act, guided in large part by the perceived need to improve identity theft prevention and resolution, enshrined for the first time the right of consumers to a free annual credit report from each of the three national credit referencing agencies. Responding to a rhetorical question 'why do I want a copy of my credit report?', an FTC brochure tells consumers that they need a copy in order to 'help guard against identity theft' which might otherwise affect their ability to get 'credit, insurance, or even a job'.[133]

However, within their portfolio of products, Fair Isaac and the bureaus offer specialised fee-based services for the prudent individual to purchase and incorporate within their broader practices of identity management. As Fair Isaac relate:

> We wish we could tell you that having a good credit score is enough. But, unfortunately, this doesn't mean you're safe from identity theft. It's still important to check your FICO score and monitor your report frequently, because ID theft can come out of nowhere and wreck your score.[134]

In developing a portfolio of products for consumer reflexive self-monitoring, these firms adapt a generalised technology based on the personalised revelation and governance of one's FICO identity and market a specialised security commodity for satisfying an inculcated desire in consumers to prudentially avoid the damaging effects of identity theft. Alongside the task of ensuring the self-mastery of their credit use so as to maximise their FICO score within an ethic of improvement as described earlier, the individual becomes engaged in a regimen of ongoing self-knowledge in order spot discontinuities between their actions and those recorded by their credit identity; an 'ethic of defence' which parallels an 'ethic of improvement'.

Like monitored burglar alarms for preventing a break-in, such services exist as goods to be chosen and used by the prudent individual according to their particular needs of minimising risk, with price reflecting the quality of features and thus the scope of security offered: '[w]ith myFICO's broad Identity Theft Security product line, people can easily select the protection level that bests fits their needs'.[135] What those needs are is down to the individual, how exposed they feel and how desirous they are of feeling protected. Like the advertising of many other consumer goods, from germ-killing household bleach to cholesterol-reducing dairy spreads, such security commodities deliberately instil or amplify anxieties that the individual has about themselves while simultaneously advocating its product as the panacea for such concerns, incorporable within a distinctive, worthy lifestyle. As with any other good, such security commodities are consumed not just to preserve the ongoing exercise of choice conditioned by one's credit identity but to give purposive expression within themselves to the lifestyle of the individual, an identifiable marker of who they are.

Isin (2004) suggests that the concept of the rational entrepreneurial individual acting as a prudent risk manager is only a partial characterisation of the contemporary subject. Rather, he suggests, the entrepreneurial subject is as much neurotic as rational. He or she acts not only to avoid risk through instrumentally conceiving and engaging in certain courses of action but someone who is perpetually anxious, insecure and under stress; someone who is governed not only in terms of conduct but in the management of their own anxieties as an affective subject. Central to identity theft security commodities is the emotional qualities that they are invested with. They do not merely help to offset uncertainty in a technical sense, reducing the likelihood of an event; they also make the individual *feel* less uncertain, less insecure. For instance, in relation to how one of its products 'empowers' consumers not only to 'protect their identities' but also to have 'peace of mind', Equifax reassures that '[w]hen no change in a credit file has occurred in the month, Equifax Credit Watch sends a "no news is good news" email for peace of mind'.[136] So even though no cause for alarm may be detected, such consumption still embodies meaning and significance for the individual in terms of *being* prudent and *feeling* secure.

With one such security commodity, Fair Isaac's 'Identity Theft Security Deluxe', the individual is directed into a multi-layer process of self-knowledge to prevent the onset of identity theft. [137] Beginning by an indication of the consumer's current FICO score at a selected credit bureau, the service prompts the consumer to analyse their report line by line for erroneous information:

> **Not familiar with an address?**
> Someone may be using your ID and sending your mail to a different address.
> **Didn't open one of these accounts?**
> Someone may have stolen your ID and opened accounts in your name. Call the creditor immediately and find out what's going on.
> **Something off with an account?**
> If you don't recognize an account or there's an unusual balance, this could be a red flag for ID theft.

Once the individual has assured themselves that their identity reflects who they are at that point in time, they are inducted into a continuous regime of self-knowledge. An alert system informs the individual instantly, by e-mail, of any changes in their records at four-hundred different public and commercial databases, encompassing not only credit bureaus but also utilities, property deeds, bankruptcy applications and vehicle registration data. These changes are dated and posted on the consumer's personal online account for them to assess. Finally, a finance 'monitor' tool graphically represents historical changes in key variables – FICO score, total balances, new credit inquiries, late payments and so on – for the individual to track.

By inculcating such layers of ongoing self-knowledge, the individual is responsibilised for ensuring their own freedom from identity theft. Such products are not available as merely market choices within themselves but can be integrated within a credit choice enjoyed by individual. For example, American Express offers its cardholders 'CreditSecure' as an optional extra, allowing them access their three credit reports plus credit score with attendant extras such as daily alerts, toll-free customer care numbers and convenient monthly billing to their card.[138] In such a fashion, choice of credit product is oriented as part of a prudential lifestyle against the risk of identity theft.

However, the actions which are tracked and changes indicated are merely alerts whose import is up to the individual to determine. In addition to self-knowledge, the prudent consumer must be able to judge for themselves when self-action is required. Altered information may be legitimate changes reflecting actual actions by the individual, simple clerical errors requiring correction but not indicative of danger, or the first symptoms of a damaging incidence of identity theft. The individual, therefore, in addition to maintaining a strict vigilance over their identity, must also know 'when to relax' and 'when to raise the red flag'. When the individual finally determines for themselves that their identity has been appropriated, the security commodity prompts particular avenues for self-action: a customer helpline provides advice on how to proceed while a range of written material is automatically generated including a credit bureau fraud alert placement request, letters of dispute resolution for creditors, police report instructions and an FTC complaint form.

What security commodities such as this represent is not so much an easily purchasable, all-embracing protection as a processual, ongoing self-knowledge permitting the individual the possibility of prompt action to protect themselves through the means allocated for them to do so. One of the ironies of identity theft security products, it seems, is the fact that they do not guarantee the individual against identity theft, do not compensate the individual for its occurrence nor even do they lower the likelihood of its occurrence. Rather, such personalised tools minimise risk in the sense that they minimise the harm of its occurrence; they allow it to be caught earlier before it completely infects and paralyses the credit identity giving expression to one's consumer freedom.

Figure 4.9 'Some Identities Are More Valuable'. In relation to credit, this cartoon humorously (and unintentionally) attempts to refute Garland's (1996) argument that crime affects the poor disproportionately. It also attests to the curious similarity between the material poor and the identity theft victim: for different reasons, both lack the capacity to engage in a regime of self-narrative through credit consumption. Source: Pittsburgh Post-Gazette

Some security commodities have evolved which take the form of insurance for identity theft. FirstBank Insurance Agency, in association with AIG, offers a policy from between \$2 and \$11 which covers costs associated identity theft resolution including legal fees, lost wages, outstanding credit payments and administrative expenses such as notarising documents, certifying mail and accessing credit reports.[139] Fair Isaac's product offers insurance up to \$25,000 through a third-party company as an integrated feature of the product.[140] Elsewhere, MetLife's automobile insurance subsidiary offers an identity theft resolution service to its customers as a feature of their automobile policies, helping victims to 'file police reports, create fraud victim affidavits and comprehensive case files, deal with debt collectors, and notify government agencies'.[141] Rather than compensating, and thus securing, the individual against the effects of identity theft, it acts to secure the victim of identity theft against the financial and labour costs of restoring their identity. It thus plays a secondary role within the broader regime of self-monitoring and self-action.

Unlike conventional insurance which has as its intention the restoration, through compensation, of the preceding conditions of an event through their transformation into capital (see Castel, 1991), identity theft insurance merely exists as a partial means of restoration compensating for an event's secondary effects, those costs associated with active restoration by the individual through their own actions. Francois Ewald (1991) enigmatically remarked that there is no risk in reality but that anything could be a risk depending on how the event was understood. Within the consideration of identity theft, its direct effects are not understood to be protectable through calculable risk for the decimation of one's credit identity represents the destruction of one's autonomy and freedom to choose within consumption, the negation of one's project to be an entrepreneur of one's own life and thus one's ability to be a self-governing subject. The sovereignty of the individual within neo-liberalism, encapsulated by one's credit identity, cannot be conceived of in monetary terms as a state which can be compensated in the event of its loss – or at least, it is not perceived to be efficient to do so. On the contrary, the threat posed by identity theft is another uncertainty to be managed in an entrepreneurial way by the responsible individual, through the foresight and self-mastery of a rigorous, disciplined continuous self-knowledge and through prompt, dynamic self-reliant self-action when it is understood to have occurred.

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> It is hard to imagine a more vital contribution to economic growth than financially healthy consumers .... *The Equifax Difference* is making a difference in improving the credit health of millions of consumers – giving them the opportunity to enlighten, enable and empower themselves to better manage and protect their financial information in a credit-driven economy.[142]

Within the US economy today, the undoubted key to economic development is perceived to lie in the promotion of personal consumption choices of individuals so that the freedom of individuals to make choices, to consume branded products and marketed experiences resides at the forefront of contemporary governmental ambitions. Government, as Foucault (1983: 220-1) explains, is not merely the exercise of power by the state over its dominion but any process within which the *conduct* of individuals is *conducted* by others for certain purposes. In a fundamental sense, government depends upon the freedom of individuals, as subjects, to take courses of action beyond the scope of its will; in doing so, government constitutes a moulding of the context of individual action rather than its dictation. The state, in general, seeks greater economic growth, higher employment and prosperity for its citizens and through the Federal Reserve, low interest rates and a sound, stable financial and monetary system.

However, within the particular rationality of government represented by contemporary neo-liberalism, the state attains its aims not by an interventionist macro economic policy or through the deployment of its fiscal resources but by its setting out of the conditions within which individuals, families and communities entrepreneurially pursue their own consuming goals and ambitions, free of hindrance and restraint. The state though, is not idle nor is it a bystander but rather it governs, in the words of Rose and Miller, 'at a distance'. In terms of consumer credit, the Federal Reserve sets out to maintain low interest rates conducive to low inflation and economic growth while the executive and the legislature, along with state agencies, introduce and enforce laws which promote and nurture the autonomy of consumers to choose – from the Equal Credit Opportunity Act prohibiting discrimination in lending to the Truth in Lending Act requiring minimum loan advertising and disclosure standards by lenders.

Lenders, in turn, govern credit consumers towards the ends of profit – increasing revenues and lowering costs in their quest to become more streamlined and competitive. Apart from expanding product ranges and entering new markets, one historical conduit of such government is the determination of creditworthiness, the possibility of default, for deciding whether to grant an individual access to credit. With the expansion and intensification of the market, this possibility of non-repayment has become determined relativistically, not through the qualitative character of the individual but through a quantified analysis of their tabulated actions in using credit set against the actions of a field of credit users. From the 1950s, through the proliferation of statistical technologies of credit scoring, this relativised determination becomes articulated as quantified risk understood within the context of a population of credit users. The predictive power of such risk technologies were later augmented in the 1960s and 70s with the ongoing development of an electronically mediated credit referencing assemblage allowing the inscription of individual credit conduct to be accumulated, assembled and distributed across broader swathes of consumers in tandem with an expanding, increasingly nationally-focussed consumer credit market and a more geographically mobile American populace.

Internal competition between bureaus, new bureaucratic techniques and the incorporation of technological advances in computing power, information storage and communications have given rise to the possibility of comprehensive, detailed, standardised records of a cross-national population of consumers, understood to be relevant to their future actions in using credit; objectivised identities to be quickly assembled, updated and disseminated to lenders for use within their risk systems. By the end of the 1980s, a new form of risk scoring system known as 'FICO' emerged which permitted a generalised assessment of individual default risk to be made by lenders, specified against the broader population of consumers and based exclusively on credit bureau data. Although not as 'accurate' as customised systems, it obviated the expense of designing them (as well as being incorporable within them) and greatly increased the scope for the use of risk within the consumer credit market.

Significantly, in the mid-1990s, FICO became a central feature of determining risk within residential mortgage lending. As I have attempted to outline elsewhere, FICO risk represents a significant development in the conception of credit risk for, rather than being localised discontinuously within the sanctioning systems of particular creditors, it is opened as a generalised, continuous attribution of individual consumers against a broad, national population of consumers.

As the Foucauldian approach emphasises, individual subjectivity is created within the relations of power represented by government:

> This form of power applies itself to immediate everyday life which categorizes the individual, marks him by his own individuality, attaches him to his own identity, imposes a law of truth on him which he must recognize and which others have to recognize in him. It is a form of power which makes individuals subjects (Foucault, 1983: 212).[143]

As subjects, free individuals come to think about, and act upon themselves, as individuals through the means by which they are governed. In contemporary times, where the individual's faculty of choice, their autonomy and enterprise are the site of government, the individual is steered towards governing their own autonomy and enterprising their own conduct. The legislative impulse since the 1970s has had just that as its aim – for example, the Fair Credit Reporting Act (FCRA) delineated certain rights of the consumer to check their credit record and provided specific remedying procedures for misreporting but, in doing so, established the credit file as the partial responsibility of the individual to uphold, helped define for individuals the difference between legitimate and illegitimate reporting and, more broadly, helped establish a sense of calculation in the minds of consumers as to the constitution of creditworthiness. This was not a process which was imposed but, on the contrary, it met with demands for activists and consumers for a legally enforceable right to know the content of their reports, to determine and shape their own destiny as consumers; demands which ultimately accepted the legitimacy of personal information gathering and dissemination where it facilitated the individual's capacity for enterprising consumption.

The 1970s disclosure debate leading to the FCRA found harmonic resonance at the end of the 1990s when consumer groups, media, politicians and others agitated for score disclosure to consumers. The logic of contemporary individual self-government makes it seem almost impossible that the outcome could have been anything other than such disclosure as demanded. However, what distinguishes it was that it was not legislatively imposed (although this was threatened) and that it took the form of a commodity to be sold to consumers as a product realising a commercial profit. Rather than a 'right' to which the credit bureaus could demand an administrative fee as happened with credit report disclosure, score disclosure took the form of a 'good', a good to be branded, marketed, advertised and sold on the enterprise-inducing potential it offered consumers willing to submit themselves to it.

In light of the process of disclosure, this chapter has attempted to set out how consumers have come to govern themselves according to a risk-based FICO identity fabricated from and through their individualised credit identities. It has also sought to explore the significance of this process within the contemporary American neo-liberal rationality of government.

Crucially, as we have seen, consumers are instructed on how their actions in using credit are interpreted to form an individualised FICO identity represented as 'their' quantified score. In creating such an alignment, this risk score functions as a 'rational' norm by which the individual comes to judge themselves as a consumer, becoming a mechanism for regulating their credit conduct in order to expand their consuming potential. In governing themselves in light of their score, the individual is confronted with the morality of their actions, the slow steady uncertain accumulation of 'good' actions over time being the path to self-improvement rather than any predictable technical expediency. Morality in this sense refers not to action but conduct, the relationship that the individual exhibits with themselves in using credit. Therefore, as free individuals fulfilling their lives through consumption and the ongoing project of identity creation and personal fulfilment, conducting individuals in the management of their risk identities becomes a means of empowering them to become more enterprising, to equip them with the means to increase their capacity for future choice by lowering the costs and qualifications of accessing credit. To be enterprising requires the individual to balance the consuming needs and desires of the present with the responsibility of sustaining an ability to consume for the duration of their lives.

A risk identity of this kind thus come to represent, in a certain sense, the consuming capital of the individual, reflecting the outcome of their credit conduct and in turn, delimiting the possibilities of their future choice. As we have seen, this has consequences not just in relation to credit but a multitude of fields where the individual exists as a consumer. In conditioning ongoing consuming freedom, a FICO identity indexes the degree of discrete 'unfreedoms' which the individual has, over time, been able to exert over themselves, becoming a generalised catalogue of their responsibilised prudence.

As we noted above, Fair Isaac Corporation and the Equifax credit bureau began, from 2001, to supply consumers their scores as a marketed product. In doing so, scoring became parlayed from an actuarial technology supplied to lenders to calculably manage the default risk exposure of their loan portfolios to a consumer product or product range for personalised consumption. This transformation produced significant changes in how consumers were conceived and also in how the broader credit market operated, with new alliances and formations emerging to profitably govern the self-governing capacities of consumers. As goods, they not only promise the possibility of enhanced consumption but represent, within themselves, a manifestation of consumption incorporable within particular kinds of lifestyle.

The use of security commodities, based on the repetitive revelation of an actual score, represents an attempt to move consumers beyond a knowledge of the significance of their FICO identities to the sustained, personalised practice of self-knowledge and self-action in the governing of their credit conduct. To the individual consumer, their score alone is relatively meaningless unless contextualised as an identity in terms of the broader population of consumers, the most pressing specific categories of variables swaying it, the credit consuming opportunities it represents within the market and the 'moral' plateau it is deemed to inhabit. Simultaneous to this self-knowledge, means of self-action to direct improvement are also allotted to the consumer: the function of the score as a population norm inducing the consumer towards a more prosperous category while reason codes, coaching and the generation of simulated outcomes encourage them to actively pursue particular tactics to attain this. Although a score represents a defined, objective probabilistic risk for a lender, its operation as an identity within subjective self-government sheers it of this calculability – deployed within security commodities, it guides consumer conduct only by way of uncertainty.

However, uncertainty in this sense does not represent a relative fallibility but rather cohabits necessarily with the obligation of the consumer to render their life as an enterprise of the self. Discursively, enterprise implies prudence, dynamism, flair and adaptability to shifting conditions within which to realise opportunity; therefore, the requirement of the consumer to make an enterprise of their lives cannot grant a calculability or predictability to action but depends fundamentally on their flexibility and spontaneous creativity. Enterprise is about freedom; but this freedom, as we have seen, has as its corollary a more all-round, finely grained management of the self. In their inducement to self-government through risk, the consumer is thus bound within a triangle of uncertainty: an 'uncertainty from within' residing in the individuals own unending impulses and desires to consume; a 'systemic uncertainty' located within the multiple, shifting technologies of risk themselves and 'uncertainty from without', the increasing, 'real' threat of identity theft posed by other renegade consumers. Only a sustained mastery by the individual over themselves, and over their credit identity, provides a counter strategy for ensuring their autonomy and freedom.

Identity theft provides a highly significant context for understanding the burden of freedom maintained by consumers. Constructed discursively as a heightening risk facing the individual within the dynamism and complexity of the contemporary consumer credit market, it represents the dark side of the entrepreneurial consumer dream. It is the freedom and diversity of choice within the modern credit market which make it possible. On the one hand, the market opens up numerous conduits of data vulnerability for having the potential of one's objectivised identity appropriated, from pre-approved credit card offers in the mailbox which might be lifted to the details-laden wallet that could be purloined. On the other, as freedom is felt as the freedom to choose and one's ability to choose is ever more predicated on one's credit identity, then the usurpation of one's identity represents a profound loss of freedom. Thus it is the market itself which is held to give birth to ever greater levels of such risk through increasing the likelihood and scope of its harm. If freedom represents the ability to dynamically fulfil one's own life then identity theft denotes its opposite, a static identity of an individual unable to consume and thus subjectively crippled, who instead of being active is rendered utterly passive to the consequences of this event. Ultimately, the victim's credit identity reflects not the realisation of an inner authentic self but the opportunistic imposition of someone else's.

Despite being unfree to consume however, the individual is not powerless to act. Through a process of being governed to enterprise their own recovery and therapeutically alleviate their subjective sense of loss, the individual is tasked with picking up the threads of their credit identity, and their lives, and returning themselves to the regular rank of enterprising consumers. However, prevention is better than cure and it has become part of the obligations of the individual to exert a prudent protection over their identity through an array of risk minimising practices, encompassing both the prophylactic (from securing documents to opting out of mailing lists), the impact-reducing and the varieties of self-knowledge provided through specialised identity security commodities. In a fundamental sense, the contemporary freedom to shape a meaningful life for oneself through consumption, the ambition of both the governing and the governed, is not a taken-for-granted state which once attained can be enjoyed but rather is a process, the outcome of a conscious, sustained and permanent engagement of individuals with themselves and the uncertainty they are made to experience.

Notes

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[55] Fair Isaac Annual Report 2001 – p. 9
[56] Fair Isaac Annual Report 2003: Form 10K – pp. 19-20
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[65] 'Consumers now can give FICO reports as gifts at myFICO.com', Fair Isaac Press Release, 9 December 2002
[66] 'The Best Products of 2001', *Business Week.* Available online at http://www.businessweek.com/magazine/content/01_51/b3762014.htm [accessed 26 May 2005]. Interestingly, another best product was 'Visa Payroll', a credit card allowing individuals who lack bank accounts to deposit their wage cheques into a Visa account. If we assume that individuals without access to bank accounts tend to belong to lower class groups, then this is an evident example of how consumer credit expands through profitably including more and more 'excluded' groups. One might not have a bank account, but one can eschew the expensive check casher (and cash altogether for that matter) and have a credit card instead.
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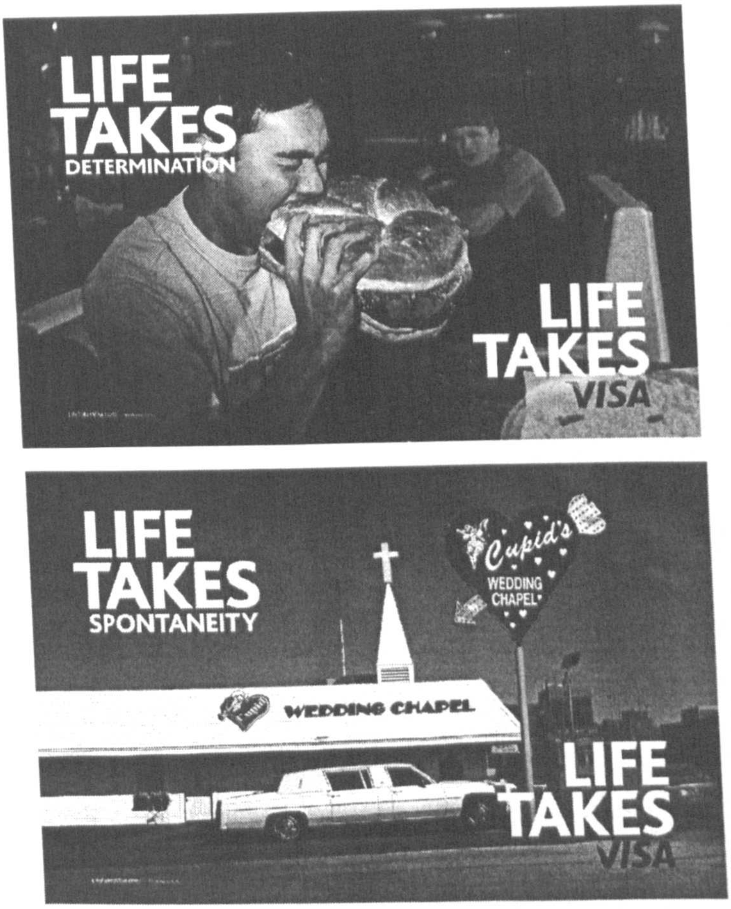
[110] 'Preventing Identity Theft by Terrorists and Criminals', Joint House Hearing, 8 November 2001
[111] 'Prepared statement of the Federal Trade Commission before the hearing on data breaches and identity theft', United States Senate Committee on Commerce, Science and Transportation, 16 June 2005
[112] 'ID theft: when bad things happen to your good name', Federal Trade Commission – p. 1
[113] 'ID theft: when bad things happen to your good name', Federal Trade Commission – p. 3
[114] 'myFICO.com sets new standard in identity theft protection for consumers', Fair Isaac Press Release, 15 June 2004
[115] 'Factsheet 108: identity theft – overcoming the emotional impact', Identity Theft Resource Center
[116] 'Identity theft: the aftermath 2003', Identity Theft Resource Center
[117] 'Written testimony of the Identity Theft Resource Center before the hearing on the Fair Credit Reporting Act and identity theft, United States Senate Banking and Finance Committee, 19 June 2003 – p. 9
[118] 'Factsheet 108: identity theft – overcoming the emotional impact', Identity Theft Resource Center
[119] 'Written testimony of Michelle Brown before the hearing on identity theft: how to protect and restore your good name, United States Senate Committee hearing on the Judiciary Subcommittee on Technology, terrorism and Government Information, 12 July 2000

[120] 'Identity theft: the aftermath 2003', Identity Theft Resource Center – pp. 35-39
[121] 'Identity theft: the aftermath 2003', Identity Theft Resource Center – p. 35
[122] 'Written testimony of Michelle Brown'
[123] 'ID theft: when bad things happen to your good name', Federal Trade Commission – p. 1
[124] 'ID theft: when bad things happen to your good name', Federal Trade Commission; 'Fact Sheet 17(a): identity theft victims guide', Privacy Rights Clearninghouse, June 2004
[125] 'ID theft: when bad things happen to your good name', Federal Trade Commission – p. 13
[126] 'Factsheet 108: identity theft – overcoming the emotional impact', Identity Theft Resource Center
[127] It should probably come as no surprise that the struggle of one identity theft victim, Michelle Brown mentioned earlier, has proven perfect material for a made-for-television movie. It even comes with the descriptive tagline: 'one woman's battle to regain her identity'
[128] 'Fact Sheet 17(a): identity theft victims guide', Privacy Rights Clearninghouse, June 2004; 'Fact Sheet 17: reducing the risk of identity theft', Privacy Rights Clearninghouse, February 2003; 'Steps to prevent identity theft', American Express, available online at https://www124.americanexpress.com/cards/cda/dynamic.jsp?name=PreventingIDTheft_SharedDetailsALL&type=intBenefitDetail [17 August 2006]; 'Identity theft: minimise your risk', TransUnion, available online at http://www.truecredit.com/help/learnCenter/identityTheft/minimizingRisk.jsp?cb=TransUnion [accessed 17 August 2006]
[129] 'Identity theft test', Identity Theft Resource Center
[130] Skimming is the illicit capture, using an electronic reader, of the data (credit card number and expiry date) on the magnetic strip of a credit card. From this, fake credit cards using real credit card account details can be produced and fraudulently used.
[131] 'ID theft: when bad things happen to your good name', Federal Trade Commission – p. 5
[132] 'Identity theft: the aftermath 2003', Identity Theft Resource Center – pp. 46-7
[133] 'Your access to free credit reports', FTC Facts for Consumers
[134] 'myFICO Identity Theft Security Deluxe', Fair Isaac
[135] 'myFICO.com sets new standard in identity theft protection for consumers', Fair Isaac Press Release
[136] Equifax Annual Report 2003 – p. 6
[137] 'myFICO Identity Theft Security Deluxe', Fair Isaac
[138] 'CreditSecure', American Express. Available online at https://www124.americanexpress.com/cards/loyalty.do?page=creditsecure.benefits [accessed 31 July 2006]
[139] 'FirstBank insurance agency and AIG launch identity-theft insurance', *Caribbean Business*, 23 March 2006
[140] 'myFICO Identity Theft Security Deluxe', Fair Isaac
[141] 'MetLife to add ID theft aid to auto policy', *American Banker*, 29 March 2006 – p. 5
[142] Equifax Annual Report, 2001 – p. 12
[143] Written as one of his latter works, Foucault here does not seem to be espousing a pessimistic or fatalistic vision of individuals, or subjectivity, held forever in sway of power. Power, as he argues, is an irreducible component of social relations but our conceptions of it must shed their sovereign, legalistic hue. Rather, power should be seen as a process that dynamically plays between individuals endowed with a capacity for action – Elias's (1978) 'game models' seem to come very close to what Foucault is attempting to elucidate here. Foucault, for his part, refers explicitly to the resisting capacities of individuals, the need for 'us' to cease being the kinds of subjects that power has formed us to be and the possibility for individuals of attaining alternative subjectivities.

Postscript: Taking Life.



Life takes ambition.
Life takes luck ...
It takes determination.
It takes confidence,
respect and talent.
Life takes joy ...
And spontaneity.
It also takes a little help,
that's where we come in.
So, go on.
Live life.
And remember that no
matter what it takes ...
Life takes Visa.

Figure 5.1 'Life Takes….' Source: TBWA Advertising Agency

In Visa's 2005 television advertising campaign, a child is shown skilfully negotiating a series of handrails at a playground (life takes ambition), a pretty blonde woman clumsily sends a bowling ball down an alley, achieving an unlikely strike in the process much to the delight of her companions (life takes luck); a young man tiredly but stubbornly consumes his way through an enormous hamburger (life takes determination); an athletic young black woman feints a male opponent to score (life takes confidence) which is given the briefest but most significant of hand acknowledgements (life takes respect); a young male office-worker warily manoeuvres sixteen stacked cups of coffee (life takes talent); a young girl merrily skips and weaves across a concrete landscape (life takes joy); and a young couple walk down the aisle of a Vegas-style 'Chapel of Love' (life takes spontaneity). These are the attributes being elicited from the contemporary neo-liberal consumer who must undertake life as a personal journey full of purpose and meaning, a life which both accepts and requires – in a general sense – this particular branded form of credit.

What is intimated is that for the individual, life becomes a function of choices made and alternatives foregone, the cumulative success of which depends on the relative strengths demonstrated, whether inherent, honed or aleatoric. What we put in, our own 'individual wit and muscle' as Bauman (1997: 39) puts it, determines what we produce out, whether alone, against or in conjunction with others – with credit serving as both the infrastructure and medium for exercising those choices. Credit responds not only to our needs and desires but our wants, producing an immediate outlet for their realisation within a universalised, globalised marketplace. The credit card, the true fixed global currency, the lingua franca of consumer commerce operates as the incarnation of our choosing potential. Embossed with our name and unique sixteen digit number, emblazoned with our chosen provider, group or status group, it embodies who we are in the modern consumer marketplace.

Yet, in Bauman's (2000) terminology, credit cards are liquid, always contingent and only ever held until further notice. In the West, consumers play the 'surfing game' and the 'credit card shuffle', effortlessly slipping from card to card for the latest balance transfer deal and rewards offer as financial institutions covet and cannibalise each other's market share (Manning, 2000). Yet, both Visa and its oligarchic rivals Mastercard and, to a lesser extent American Express, represent perhaps the meta-choice of consumer society with their pre-eminent payment networks and massive market shares, much like how personal computer manufacturers' market wares run exactly the same Microsoft software. They provide the permanent cybernetic interface of consumerism, plugging us as choosing (and chosen) subjects into the product or experience that is to be purchased, regardless of bank or provider.

From the early days of consumer capitalism, credit has been a personalised contingent resource enabling, often problematically, the fulfilment of certain needs or desires. As that which is chosen within the market has proliferated, so too have the arenas where credit can be used, the providers of credit and the credit alternatives themselves. It seems hard to imagine that it was only in the early 1990s that supermarket chains began to regularly accept credit cards while the successful development of internet shopping would seem an impossibility today without their ubiquity; and in a strange symbiosis, not only do we get our credit cards from banks but branded, too, from the likes of Wal-Mart and Amazon.com. It seem, then, that not only do we choose our credit card but, in doing so, we choose ourselves: credit cards can be customised to reflect our cultural pursuits and interests, our professional occupational group, our alma mater or favourite charity or cause; credit cards also represent our degree of meta-choice with, in the example of American Express, an inflation of green, gold, platinum and black cards providing a colour-coded hierarchy of our income, credit and pecuniary potential.

In perhaps a profound cultural turn, the array of credit cards encased within the wallets of the average American seem to have usurped the Social Security card as the new expression of citizenship. Just as the Federal Trade Commission warns consumers not to carry their Social Security cards for fear of identity theft, marketers equally caution the credit card consumer about not leaving home without it. In a neo-liberal economic and political climate of insecure, short-term job contracts, career shifts and permanent training, credit cards provide an easily accessible resource to smooth the bumps and troughs of income, to maintain an acceptable standard of living and condition the pursuit of a coherent lifestyle. If the welfarist state provided unemployment assistance grounded in work to sustain the income of the household until it could be reengaged in labour, the credit card prolongs purchasing power and consumption patterns to sustain the lifestyle of the household. Where the former came to be collectively instituted by a corporative union of the state, capital and labour within the context of a politicised class consciousness, the latter is offered through the logic of the market and competition, data-mining, and segmented marketing practice as an object to be 'freely' and individually chosen on the basis of income, credit identity and other qualifying criteria.

The contemporary consumer market is not an exclusive club; although, that is not to say that it does not play out divisions, re-inscribe inequalities and exacerbate exploitation nationally and across the globe. Yet never have authorities, political and economic, been so keen to encompass everyone within its fold. In relation to credit, the Marquette Supreme Court judgement of 1978, which helped liberalise state interest rate ceilings and subsequent statutory deregulation, acted to streamline the market to enhance the depth and scale of choice. The private but Congressionally-sponsored wholesale mortgage buyer Fannie Mae has committed itself in its 'American Dream Commitment Plan' to expanding rates of homeownership among minorities and lower income groups, promulgating the entrepreneurial accumulation of real estate equity that can be borrowed and re-borrowed against. Lenders themselves have aligned profitability to new subprime markets for mortgages, loans and credit cards. Financial interests have also plumbed the outer 'fringe' market of consumption through the revival of pawnshops and salary lenders on a large-scale commercial level. Yet despite the rhetoric of 'democratisation', market involvement is never equal nor does it ever provide a universal equality of opportunity. Opportunity, rather, depends on the individual's resources and resourcefulness as a consumer, their means, skill and luck in keeping a particular narrative going, their particular ability to cherish their life as a dynamic project. Through the lender inscription of consumer choices and attributes, the frictionless circulation of such information, and the statistical mining of data at the level of a population to produce calculable risk assessments, what is made available to the individuated consumer depends on what they bring to it. This means everything: the material and cultural resources of class with their attendant possibilities; the relative financial resources of an occupation well or ill-chosen; the institutional reputation of that postcode where we choose to live and all the other basic structural divisions that circumscribe every individual within society. More specifically, it also embodies the tactical outcome of every credit-related, market-mediated choice made, from the taking-out of student loans to defaulting on incurred medical bills. In this, our scale of choice is dependent on how we manage ourselves in the consumer-rendered living of our lives, how we balance, within ourselves, personal horizons to individual circumstances, how we tailor the ongoing present, in light of our ever present past, in the interest of an infinite future with its pronounced uncertainties and engaging opportunities. In short, we are permanently assessed in our project management abilities where that project is the conduct of our own lives.

Yet, liberal government has never assumed the liberal subject; he or she has always had to be made, forged and fabricated with the potential to endure this responsibility. Contemporary government, from numerous sites, articulates the problem and pedagogically inculcates within consumers the careful regulation of personal credit use. Lewis Mandell (2002) bemoans the failure of high-school students to grasp the basics of credit use while the not-for-profit Jump$tart Coalition for Personal Financial Literacy (who commissioned Mandell's research) aims to improve the basic skills of children in the management of financial affairs. Sociologist Robert Manning castigates the campus marketing efforts of credit card companies that solicit students into a life of debt while American universities respond by offering modules in personal finance. Various state agencies, lenders and personal finance experts prompt us to keep a careful running eye on our outgoings and expenditures, to check our credit reports and credit scores and keep a weather eye out for the identity thief who may rummage through our trash cans to infiltrate our lovingly arranged credit identities. Just as workers fought collectively for their rights before the state and capital, equally consumers have fought for and have been grudgingly granted rights to sustain their consuming endeavours, including notably the right to due process in credit decisions, the right to receive copies of credit reports and the opportunity to purchase credit scores. Yet just as capital once endorsed the welfare state as an essential component to its survival, commercial lenders have ultimately come to embrace these consumer rights as self-evident necessities of a modern credit market.

For those who breach the terms of good conduct in credit use, whose enthusiasm for credit and consumption outstrips the disciplined requirement to sustain a regime of repayment to the extent that they become ensnared by indebtedness, intervention is at hand to bolster or brace the sclerotic will. Personal credit counsellors offer subjective self-administered tests for examining and articulating the existence of a problem; techniques are suggested for measuring the extent of the paralysing debt; tactical advice is presented on how to manage creditors and collectors and strategic guidance proffered on the legal process of bankruptcy; suggestions for consolidating debt are listed; and finally, strategies are proposed for rebuilding a credit identity and getting back on a new sustainable path. For the same effect, the consumer may turn to the pages of self-help literature promising an elusive means for that longed-for personal transformation. Titles like *Credit Repair to Credit Millionaire, The Guerrilla Guide to Credit Repair,* and *Credit After Bankruptcy: A Step by Step Action Plan* pledge the possibility of revolutionising the self, from a repressed to a free authentic state, in small, incremental steps.

More profoundly, undisciplined credit use may become interpreted as one of compulsion or addiction, the manifestation of a particular 'epidemic of the will'. As two consumer researchers claim in an examination of psychologically 'compelled' credit users, '[i]t is likely that for these people, the typical credit abuse intervention program involving consumer counselling, education, and good budgeting skills will not be sufficient. Clearly psychological counselling and support groups will be critical in overcoming this problem' (Faber and O'Guinn, 1988: 106). Here, a clear distinction is made between the poorly socialised and the pathological, requiring differing forms of guidance and intervention. Yet, today, the addict suffers not so much from the imposition of a deviant label as engages a voluntary identification with a subjective state that is static and permanent; the embrace of a determined modality that denies the contemporary obligation to choose (Reith, 2004b: 296). This identity is given force and weight through such peer-help groups as Debtors Anonymous, its manual *Currency of Hope* and associated Twelve Step forums providing a means by which individuals can express and rationalise their perceived lack of control in relation to credit and habitualise a regime of abstinence. 'Eternal vigilance is the price of recovery'.

When analysts, commentators and others question the sustainability of the national burden of consumer debt, question the alteration of cultural values, criticise the misery of indebtedness and poverty and the solicitation of individuals to live in the moment, they are grappling with crucial issues. Yet, as we have seen, fears about credit are not and cannot be disengaged from the historically specific fears that certain groups feel towards others, whether they be other groups or society as a whole. Today, practices of 'fringe credit' interlink with concerns about how to govern the practices and will of the poor as much as the market; perhaps also, concern about the growing burden of middle-class debt and the loss of a self-determination express the anxiousness of the middle class towards their own position and purpose or the progress of society more widely. Since the emergence of consumer credit, such fears, manifested in discourses of excess, over-indulgence, chaos, temptation and exploitation, have served as precursors to intervention by state or expert. As we analysed in Chapter 1, early municipal pawnbroking regulations sought to alleviate the position of the impoverished pawner and police the disorder perceived to attach to the business. In the 19th century, small loan lending attracted the attentions of philanthropists, and later the partnership of the Russell Sage Foundation and individual state legislatures, concerned with easing the burden on the working poor. Most recently, the 2005 Fair and Accurate Credit Transactions Act 2005 has sought to make it easier for consumers to protect themselves, and recover from, the debilitating impact of identity theft perceived to have been released by the dynamism of the contemporary market. Freedom to borrow, it seems, is always warily encountered.

In a more fundamental sense, though, and as this thesis has attempted to elaborate, governance and control are at the heart of the credit transaction. Within the specific confines of consumer credit transactions, lenders have always attempted to bind the actions of the borrower against some conception of the future, whether through the security of valuable collateral, the channelling of repayment actions within bureaucratic procedures, the alignment of legal coercion, or some form of assessment as to the will of the borrower under material constraints. The future, an abstract temporal conception itself arising from the complexity and interdependency of human action, represents a chancy state to which repayment, and thus profit, is tied. In this, lenders attempt to tame chance through such historically diverse and complex strategies as trusting to the relative strength of will of certain class or ethnic groups; legally, temporally and bureaucratically binding the actions of consumers; empirically transforming chance into risk through the statistical analysis of a population of consumers or holding an individual's personal post-dated cheque from which repayment can be relatively assured.

The contemporary mainstream credit market, characterised by 'democratisation' and mass accessibility, fluidity, depth and diversity of choice – in a word, freedom – has only been made possible by subtle yet extensive and far-reaching mechanisms of government that shape and direct the conduct of consumers: the development of a rhizomatic, technologically-mediated mechanism of surveillance that creates virtual credit identities reflecting and shaping the possibilities of choice; the uncertain, shifting rolling out of risk technologies allowing distant and unknown consumers to be instantaneously made known and assessed; and the inculcation of moralised, temporal habits and practices of reflexive self-government in relation to individual credit use. What is perhaps most characteristic of the contemporary credit system within the United States and elsewhere is the degree to which formal mechanisms of government are embedded in the very 'soul' of the consumer. Such control over credit use penetrates deep into the subjective state of the individual, individualised and internalised, it embodies not only the individual's generalised injunction to self-government but an increasing reflexivity over the means by which they are assessed and judged by lenders. Like Cooley's looking-glass self, the individual credit user has come to be governed to think about and act upon their own credit use through the means by which the population of consumers are so governed. Yet, such new forms of governance are not perceived to be an imposition upon the individual and their mode of conduct; on the contrary, they have been achieved under the aspirational rubric of privacy rights, freedom and consumer empowerment.

If one wishes to see the sheer efficacy of this technological and subjective mode of governance, one need look no further than the growing body of fringe lenders, chains of pawnbrokers, household good rental centres and payday lenders that act as bankers to the poor, the marginal, and the economically and consumeristically disenfranchised. Here sophisticated, subtle, all-embracing mechanisms of control are deliberately forsaken to target this market in favour of eye-watering triple-figure interest rates on small-scale, short-term loans and stiff corralling methods which compel repayment due or act to obviate loss for any single transaction. As Jack Daugherty, the founder of Cash America pawnshops bluntly put it, 'I could take my customers and put them on a bus and drive them down to a bank and the bank would laugh at them. That's why they're my customers' (cited in Caskey, 1991: 88). Lacking institutional recognition as self-governing subjects, the contemporary fringe borrower must seemingly offer up more, in terms of both repayments and freedom, for the privilege of a loan. It is, perhaps, only by examining this dark side of the consumer credit market that we can truly illuminate the crafty genius of government, airy and delicate yet resolute and ubiquitous, embodied within exchanges and flows of the contemporary consumer credit system. Like the heddles of a loom, it helps secure the warp of desire for the weft of profit. Like a latter-day Huxleyan *soma*, it ensnares us the more it makes us free.

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